

# City of Scottsdale, Arizona Proposed FY 2004/05 Budget

## Budget Summary

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### Volume One



#### City Council

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Mary Manross, Mayor  
Wayne Ecton, Vice Mayor  
Robert W. Littlefield  
Ned O'Hearn  
David Ortega  
Roberta Pilcher  
Tom Silverman

#### Administrative Staff

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Jan M. Dolan,  
City Manager  
Barbara Burns,  
Assistant City Manager  
Ed Gawf,  
Deputy City Manager  
Roger Klingler,  
Assistant City Manager  
Craig Clifford, CPA  
Chief Financial Officer  
Art Rullo,  
Budget Director

**City of Scottsdale**  
**Proposed FY 2004/05 Budget**  
**Volume One**  
**Budget Summary**  
**Table of Contents**

.....

**City Manager's Transmittal Letters ... 1**

**Overview**

How to Use This Book .....	11
Recommended Budget Practices .....	12
Budget Definition and Mission .....	12
Principles and Elements of the Budget Process .....	13
Budget Roles and Responsibilities .....	13
Scottsdale's Budget Process/Budget Phases .....	14
Needs Assessment and Financial Capacity .....	15
Policy/Strategy Development and Prioritization	
Process Phase .....	15
Budget Development and Prioritization	
Process Phase .....	15
City Management Review and Modification Phase ....	16
City Council Review and Adoption Phase .....	16
Implementing, Monitoring, and Amending	
the Budget Phase .....	17
Use of Contingency/Reserve Fund .....	17
Budgetary and Accounting Basis .....	18
Operating and Capital Budget Relationship .....	18
Comprehensive Financial Policies .....	19
Operating Management Policies .....	19
Capital Management Policies .....	20
Debt Management Policies .....	21
Reserve Policies .....	22
Financial Reporting Policies .....	23

**Fund Summaries & Five-Year Plans**

Fund Accounting - Fund Types .....	25
General Fund .....	26
Special Revenue Funds	
Highway User Revenue Fund (HURF) .....	30
Transportation Privilege (Sales) Tax .....	32
Preservation Privilege Tax Fund (.2%) .....	34
Preservation Privilege Tax Fund (.15%) .....	36
Public Safety Privilege Tax Fund (.10%) .....	38
Special Programs .....	40
Debt Service Fund .....	42

Enterprise Funds	
Water & Sewer Funds .....	44
Solid Waste .....	46
Aviation Fund .....	48
Internal Service Funds	
Fleet Management Fund .....	50
Self-Insurance Fund .....	52
Trust Funds .....	54
Capital Improvement Fund .....	56
Total Budget Appropriation - All Funds .....	58

**Budget by Fund**

Legal Compliance and Financial Management .....	61
Fund Accounting - Fund Types .....	61
General Fund .....	62
Revenue and Transfers-In .....	62
State-Shared Tax Revenues .....	64
Licenses, Permits & Fees Revenues .....	66
Fines and Forfeiture Revenues .....	67
Interest Earnings .....	69
Property Rental Revenue .....	69
Other Revenue .....	70
Transfers-In .....	70
Expenditures By Type .....	71
General Fund Balance/Reserves/	
Operating Contingency .....	74
Special Revenue Funds .....	75
Highway User Revenue Fund	
Revenues and Transfers-In .....	75
Expenditures by Expenditure Type .....	76
Fund Balance .....	77
Transportation Privilege Tax Fund	
Revenues .....	78
Expenditures by Expenditure Type .....	78
Fund Balance .....	78
1995 Preservation Privilege Tax Fund (.20%)	
Revenues .....	79
Expenditures by Expenditure Type .....	80
Fund Balance .....	80

**City of Scottsdale**  
**Proposed FY 2004/05 Budget**  
**Volume One**  
**Budget Summary**  
**Table of Contents**

2004 Preservation Privilege Tax Fund (.15%)	
Revenues .....	81
Expenditures by Expenditure Type .....	81
Fund Balance .....	81
Public Safety Privilege Tax Fund (.10%)	
Revenues .....	82
Expenditures by Expenditure Type .....	82
Fund Balance .....	82
Special Programs Fund	
Revenues .....	83
Expenditures by Department .....	85
Fund Balance .....	87
Grants	
Revenues .....	87
Expenditures by Grant .....	89
Fund Balance .....	90
Debt Service Fund	
Revenues and Transfers-In .....	91
Expenditures by Debt Type .....	92
Fund Balance .....	92
Enterprise Funds	
Water & Sewer Fund	
Revenues and Transfers-In .....	93
Expenditures by Expenditure Type .....	96
Fund Balance/Reserves .....	97
Solid Waste Fund	
Revenues .....	98
Expenditures by Expenditure Type .....	99
Fund Balance .....	100
Aviation Fund	
Revenues .....	101
Expenditures by Expenditure Type .....	101
Fund Balance .....	102
Internal Service Funds	
Fleet Management Fund	
Revenues and Transfers-In .....	103
Expenditures by Expenditure Type .....	104
Fund Balance .....	105

Self-Insurance Fund	
Revenues and Transfers-In .....	106
Expenditures by Expenditure Type .....	108
Fund Balance .....	108
Trust Funds	
Streetlight Improvement District & Enhanced Municipal Service District .....	
	109
Mayor's Committee for Employment of the Handicapped .....	
	109
Scottsdale Memorial Hospital Redevelopment .....	
	109

### Capital Project Budgets

Five-Year Capital Improvement Plan .....	111
Capital Improvement Plan Funding Sources .....	114
CIP Five-Year Plan .....	116
Capital Project List .....	117
Capital Projects Operating Impacts .....	124

### Appendix

Staffing Equivalency by Department .....	127
Staffing Equivalency by Department/Funding Source ...	128
City Staff Support	
Budget Liaisons .....	129
Capital Improvement Plan Coordination Teams .....	129
Debt Service Expense .....	130
Long-term Debt Outstanding .....	132
Glossary of Terms .....	134

### Mayor and City Council's Mission

It is the mission of the City of Scottsdale to build citizen trust by fostering/practicing open, accountable, and responsive government; to provide quality services; to provide long-term prosperity; to preserve Scottsdale's unique southwestern character; to plan and manage growth in harmony with its desert surroundings; and to promote livability by enhancing and protecting its neighborhoods. Quality of life for residents and visitors shall be the paramount consideration.



### Mary Manross, Mayor

Mary Manross was elected Mayor of Scottsdale in May 2000 after eight years as a councilwoman. Mayor Manross is a member of the National League of Cities (NLC) Transportation Infrastructure Steering Committee, the primary group responsible for the NLC's National policy on transportation. Mayor Manross also chairs Valley Metro, serves as President of the Arizona Municipal Water Users Association (AMWUA), is on the Executive Committee of Maricopa Association of Governments (MAG), is an executive board member of The League of Arizona Cities and Towns and active with the Arizona Town Hall and Arizona Women in Municipal Government. Prior to her time in elected office, Mayor Manross held positions of leadership in community, education and church organizations. A thirty-year resident of Scottsdale, Mayor Manross holds a bachelor degree in Political Science and a secondary teaching credential.

## Mayor and City Council's Broad Goals

### Goal A: Neighborhoods

Enhance and protect a diverse, family-oriented community where neighborhoods are safe, protected from adverse impacts, and well maintained.

### Goal B: Preservation

Preserve the character and environment of Scottsdale.

### Goal C: Transportation

Provide for the safe, efficient and affordable movement of people and goods.

### Goal D: Economy

Position Scottsdale for short- and long-term economic prosperity by stabilizing, promoting, strengthening, stimulating, expanding and diversifying our economic resources.

### Goal E: Fiscal and Resource Management

Ensure Scottsdale is fiscally responsible and fair in its management of taxpayer money and city assets, and coordinates land use and infrastructure planning within the context of financial demands and available resources.

### Goal F: Open and Responsive Government

Make government accessible, responsive and accountable so that pragmatic decisions reflect community input and expectations.



## Vice Mayor Wayne Ecton

Councilman Wayne Ecton was elected to his first term on the Scottsdale City Council in March 2002. He previously served on the 2001/2002 Citizens Budget Committee and the Big Box Ideas Team, which helped the city develop an ordinance to regulate the placement and appearance of "big box" retail buildings. A Scottsdale resident since 1996, Councilman Ecton is a member of the Coalition of Pinnacle Peak, the Greater Pinnacle Peak Homeowners Association, Friends of the McDowell Land Trust and the Foothills Community

Foundation. He also is a member of the Scottsdale Center for the Arts, the Art Alliance for Contemporary Glass, the American Craft Council and the Glass Art Society. Councilman Ecton retired from Alcoa after 33 years in high-level financial management positions in the U.S. corporate headquarters and International and U. S. operating locations. Councilman Ecton holds a bachelor's degree in business. He was also a member of the Financial Executives Institute until his retirement.



## Councilman Robert W. Littlefield

Councilman Robert W. Littlefield was elected to his first term on the Scottsdale City Council in May 2002. He is the founder and president of NetXpert Systems, Inc., a Scottsdale-based computer company. He also is a commercial pilot and flight instructor. Councilman Littlefield has been involved in a variety of civic, youth and professional organizations. He is a member and former director of the Arizona Software & Internet Association, the Arizona Pilot's Association, Aircraft Owners and Pilots Association, National Federation of

Independent Business, American Legion, Kiwanis Club and Civitan. A Vietnam combat veteran, Councilman Littlefield served in the U.S. Army from 1968 to 1970 and in the Arizona Army National Guard from 1971 to 1974. Councilman Littlefield holds a bachelor's degree in engineering from Arizona State University.



## Councilman Ned O'Hearn

Councilman Ned O'Hearn was elected to his first term on the Scottsdale City Council in May 2000. Councilman O'Hearn is Executive Vice President of ONCOR International - an international service organization based in Washington, D.C., that is comprised of and owned by 54 independent commercial real estate brokerage companies around the world. He is a facilitator, trainer and coordinator of business activities. With a master's degree in city planning from San Diego State University, Councilman O'Hearn holds a particular

interest in the ways cities prepare for and respond to demographic and economic change. Councilman O'Hearn was born in Massachusetts and received his bachelor's degree in English from The College of The Holy Cross. He served as an officer in the Navy with Vietnam service.



**Councilman  
David Ortega**

Councilman David Ortega was elected to his first term on the Scottsdale City Council in May 2000. Councilman Ortega graduated with a degree in Architecture from the University of Arizona, with additional studies at La Salle Arquitectura in Mexico City, Mexico. In 1978,

he interned with Bennie Gonzales, the award-winning architect who designed Scottsdale City Hall, the Scottsdale Center for the Arts, and the original Civic Center Library. Mr. Ortega opened his own architectural firm in downtown Scottsdale in 1984. His professional work includes a wide variety of residential and commercial projects in Arizona and California. In addition, he has completed a number of *pro bono* projects, including the Chrysalis Shelter for Victims of Domestic Violence and the Saint Maria Goretti Catholic Church. Councilman Ortega has been an active member of the American Institute of Architects since 1984. In addition to his professional work, Councilman Ortega has been very active in community civic, educational, and charitable organizations since becoming a Scottsdale resident in 1979.



**Councilwoman  
Roberta Pilcher**

Councilwoman Roberta Pilcher was appointed to the Scottsdale City Council in November 2003 to fill a vacancy due to the resignation of another Council member. She will serve through June 2004. A retired special education

teacher, Councilwoman Pilcher has lived in Scottsdale 43 years and in Arizona for more than six decades. She has been involved in numerous city, civic and community causes. Her service to Scottsdale city government includes stints on the original Scottsdale Town Enrichment Program - or STEP - Committee in the mid-1960s, as a participant in Brookings Institute planning seminars in the early 1970s, and as a participant in the Scottsdale 2020 long-range planning process in the mid-1990s. She also has been a member and chairman of the Library Board, a member of the Historic Preservation Commission and a member of the Council Districts Advisory Task Force. She holds a bachelor's degree in education from Arizona State University.



**Councilman  
Tom Silverman**

Councilman Tom Silverman was elected to his first term on the Scottsdale City Council in March 2000. A resident since 1953, Councilman Silverman's civic involvement includes terms as president of the Scottsdale Chamber of Commerce and the Scottsdale Foundation for the

Handicapped. He has served on the board of directors of the Scottsdale Memorial Hospital Foundation and the Scottsdale Chamber of Commerce Foundation, in addition to the advisory boards of the Scottsdale Historical Society, Scottsdale Leadership and the McDowell Sonoran Land Trust. Councilman Silverman is a Scottsdale Charros life member. He was chairman of the Governor's Tourism Advisory Council for the Arizona Office of Tourism and served on the Scottsdale Hospitality Commission. Councilman Silverman is the co-owner and general manager of Scottsdale's Chaparral Suites Hotel. He is a graduate of Scottsdale High School, Arizona State University and the first Scottsdale Leadership class. In 1991, he received the Frank W. Hodges Alumni Achievement Award from Scottsdale Leadership and also was named "Citizen of the Year" by the Scottsdale Association of Realtors.



### **Janet M. Dolan, City Manager**

Janet M. Dolan has been City Manager of Scottsdale since August 2000. Prior to her arrival in Scottsdale, she served 10 years as City Manager of Menlo Park, California. From 1984 to 1990, she served as Assistant City Manager in Santa Rosa, California,

where she was responsible for labor relations and oversaw the Public Works, Recreation and Parks, Community Development and Utilities departments. From 1982 to 1984 she served as Assistant to the City Manager of Reno, Nevada and as Director of Administrative Services/Administrative Assistant in Great Falls, Montana, from 1979 to 1984. Ms. Dolan has a Bachelor of Arts degree with honors from the University of Montana, graduate coursework in public administration from Montana State University, and leadership training at the Senior Executive Institute for Government Officials at the University of Virginia. As Scottsdale's City Manager, she is a member of the management committees for the Maricopa Association of Governments, the Regional Public Transportation Authority and the Southwest Regional Operating Group, which oversees wastewater operations for a consortium of Valley cities.

### **Barbara Burns, Assistant City Manager**

Barbara Burns was appointed Assistant City Manager in 1990 and has responsibility for overseeing the following Departmental areas; Financial Services, Community Services, Information Systems and WestWorld. Barbara has been with the City of Scottsdale since 1975, working in a number of program areas prior to her current position. Before coming to work in Scottsdale, she was employed in State and County government and the private sector.

Barbara received her Masters Degree in Business Administration from Arizona State University and Bachelors of Arts Degree in Psychology from Akron University in Ohio. She serves on the Board of Directors for the Cactus League Baseball Association and is a graduate and member of Valley Leadership Class IV. She is also a member of the International City Management Association and the Arizona City/County Management Association.

### **Ed Gawf, Deputy City Manager**

Ed Gawf was appointed to the City of Scottsdale's new Deputy City Manager position in September 2001. His responsibilities include overseeing the City's Transportation, Planning Systems, Citizen & Neighborhood Resources and Preservation Departments.

Ed began his career as a Planner with the City of Arvada, Colorado before moving on to Boulder where he held several positions, including Director of Planning. As Ed's career developed, he moved to San Jose, California where he served in a variety of roles including the Deputy Director of Planning, Building and Code Enforcement. Before moving to Scottsdale, Ed was the Director of Planning and Community Environment for the City of Palo Alto, California. In this role, Ed oversaw the transportation, building and planning processes of the City. He holds a Bachelor of Arts as well as a Masters degree, both in Political Science, from Oklahoma State University, and is a member of the American Institute of Certified Planners.

### **Roger Klingler, Assistant City Manager**

Roger Klingler was appointed Assistant City Manager in February, 1998, and has responsibility for overseeing the City's Water Resources, Municipal Services Departments, and Intergovernmental Relations and the implementation of the City's \$800 million CIP Program. He has served the City since 1979 in several capacities. He was Water Resources General Manager from 1994 to 1998, and Assistant General Manager from 1990 to 1994.

Mr. Klingler previously served the City as Assistant to the City Manager for Intergovernmental Relations, representing the City before the State Legislature and other state, federal and local agencies. He also worked as a Management Assistant in the City's office of Management and Productivity, analyzing and implementing productivity improvements in various City Departments.

He received his Master's Degree in Public Administration and Bachelors of Arts Degree in Political Science from Michigan State University. Mr. Klingler is on the Board of Managers for the Scottsdale/Paradise Valley YMCA, is a graduate of Valley Leadership Class XII, and Scottsdale Leadership Class I, and is a member of the International City Management Association and the Arizona City/County Management Association.

### **Craig Clifford, CPA, Chief Financial Officer**

Craig Clifford is a Certified Public Accountant and Certified Government Financial Manager, hired by the City in 1992. Prior to joining the City he served as Accounting Manager, Budget Manager and Auditor for other Arizona municipalities and worked in the banking industry. He earned undergraduate degrees in Business Management and Accounting from Arizona State University and a Masters in Business Administration with honors from the University of Phoenix. He is also a graduate of The Advanced Government Finance Institute sponsored by the Government Finance Officers Association (GFOA), the Advanced Public Executive Program sponsored by Arizona State University, and the College for Financial Planning, Denver, Colorado. He currently serves on the GFOA Executive Board, served on the GFOA Budget and Management subcommittee, and is Past President of the Arizona Finance Officers Association. He is a member of the Arizona Society of CPAs, American Institute of CPAs, Association of Government Accountants, Municipal Treasurer's Association and Diplomat of the American Board of Forensic Accounting.

### **Art Rullo, MPA, Budget Director**

Art Rullo joined the Financial Services staff as Budget Director in August of 2002. Art holds a Bachelor of Science degree in Accounting from Saint Vincent College and a Masters of Public Administration degree from the University of Pittsburgh. Over his professional career Art has worked for large urban city and county governments as well as an international public accounting firm. His professional designations include Certified Government Finance Manager (CGFM) and a Certified Public Finance Officer (CPFO). Art also serves as a budget reviewer for the Government Finance Officers Association.

### **Bryan Bundy, MBA, Senior Budget Analyst**

Prior to joining the City of Scottsdale in May 2003 Bryan was employed for the past 11 years with the State of Arizona. He holds a Bachelor of Science degree in Accounting from Arizona State University and an M.B.A. in Management Information Systems from Western International University.

### **Joyce Gilbride, CPA, Senior Budget Analyst**

Joyce Gilbride is a Certified Public Accountant and holds a Master of Business Administration degree from the University of Phoenix. During her thirteen year career with the City, she has held a series of increasingly responsible positions in areas of accounting, audit, and budget. Joyce is a member of the Arizona Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

### **Judy McIlroy, MBA Budget Analyst**

Judy McIlroy joined the Financial Services staff in December 2003. Prior to joining the City, she served as a Budget Analyst with the Arizona Department of Health Services. Judy holds a Bachelor of Science degree in Business Management and a Master of Business Administration degree from the University of Phoenix.

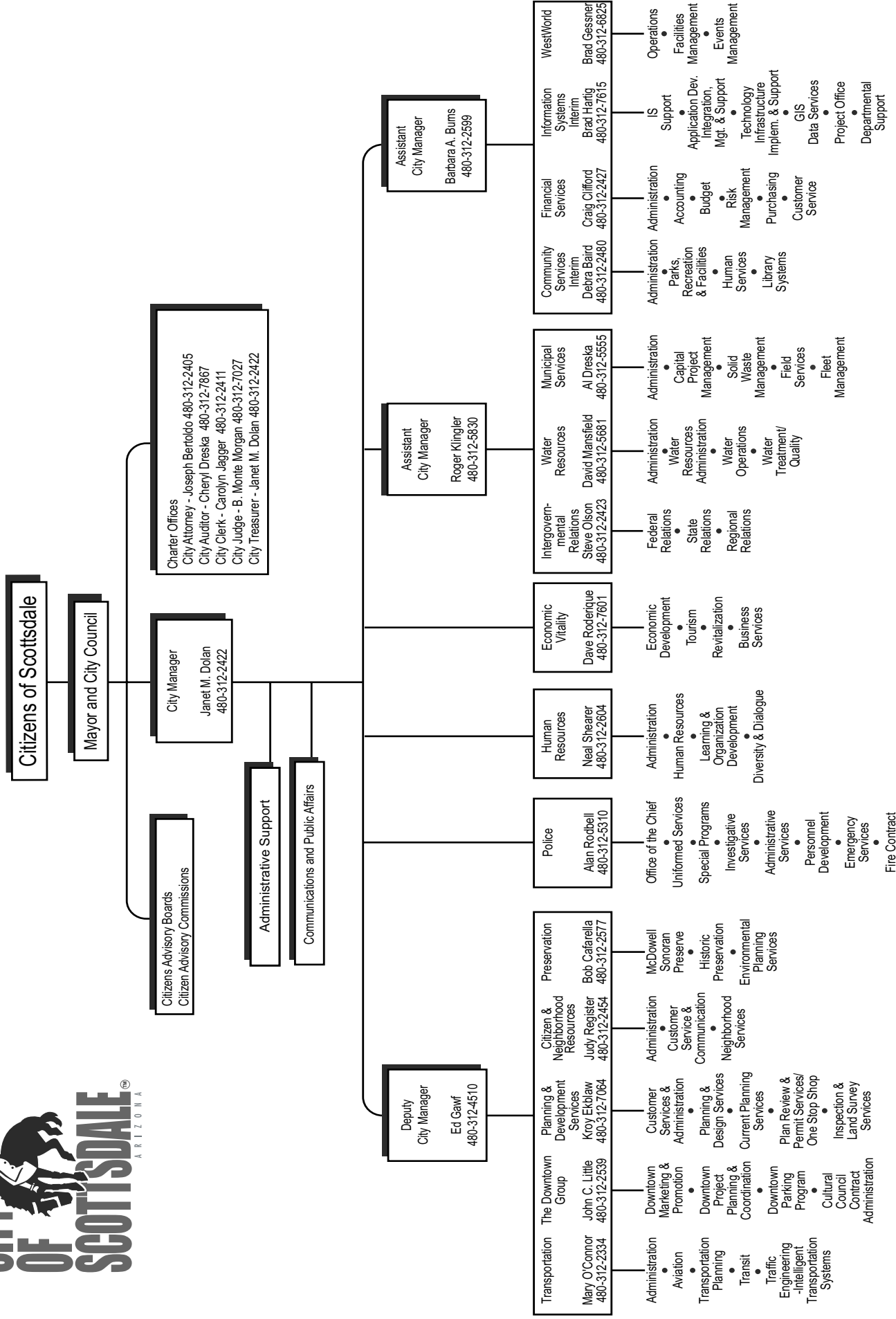
### **Jeff Nichols, CPA, Senior Budget Analyst**

Jeff Nichols is a Certified Public Accountant hired by the City in September 2001. Prior to joining the City, he served as a Senior Management Assistant and as an Accountant with the City of Tempe. Jeff also worked in the field of public accounting before moving to Arizona in 1986. Jeff holds a Bachelor of Science in Business Administration degree with an emphasis in Accountancy from Central Michigan University.

### **Kristine Zich, Multimedia Communications Coordinator**

Kristine Zich joined the Financial Services staff in September 1993 supporting the Financial Services Department in increasingly responsible positions. Kristine holds a Bachelor of Science in Business Marketing degree from the University of Phoenix and an Associate of Arts in Visual Communications from Collins College.

# CITY ORGANIZATIONAL CHART



### Origin and Growth

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing an area approximately 185.2 square miles. Lying at an elevation of 1,260 feet above sea level, the City averages 314 days of sunshine and 7.74 inches of rainfall per year, with the average minimum and maximum temperatures ranging from 55.7 degrees to 84.6 degrees, respectively. The City is bordered to the west by Phoenix, the state capital, by Tempe to the south, and by the Salt River/Pima Maricopa Indian Community to the east. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

Scottsdale was founded in the 1800's when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the City. The City incorporated in 1951 and the City Charter, under which it is presently governed, was adopted in 1961. The City has experienced significant increases in population, with the 1950 census reporting 2,032 residents. The City's 1990 census was 130,069. The population grew to 168,176 in October 1995 and is estimated to grow to approximately 216,640 by January 2003 and an estimated 221,033 in January 2004.

### Government and Organization

Scottsdale operates under a council-manager form of government as provided by its Charter. The Mayor and six City Council members are elected at large on a non-partisan ballot for a four-year term. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The City Manager, in turn, appoints City employees and department General Managers under service procedures specified by Charter.

### Employment

Scottsdale is creating jobs faster than it is adding to its labor force, and thus is a net importer of jobs. Not only does this situation create employment opportunities for the residents, but it also creates a significant business component to the local tax base. The unemployment rate is lower than state and metro levels and is approximately 3.7% (May 2003).

### Transportation

Scottsdale's transportation network offers citizens a variety of mobility choices. The Pima and Red Mountain Freeways and City streets let people move into and around the City. The advanced technology of Intelligent Transportation Systems detection and signalization make getting around faster, especially during special events like the Phoenix Open. Local and regional bus routes and alternative modes of transportation such as Cab Connection and bicycles provide additional access to this extraordinary City. Scottsdale Airport, operated by the City, provides general aviation and worldwide charter air service. The Transportation Department's divisions are Aviation, Traffic Engineering, Transportation Master Planning, Capital Improvement Projects Planning, and Administration. They work together to support the mission of protecting neighborhoods and providing for safe, efficient and affordable movement of people and goods in Scottsdale.

### Educational Facilities

Several institutions of higher learning are available to City residents. Scottsdale Community College, a part of the Maricopa Community College System, is located on the eastern border of the City, on the Salt River/Pima Maricopa Indian Community. The college is a two-year college which offers a wide variety of academic, occupational, developmental, and special interest programs. Arizona State University, one of the major universities in the nation, is located in Tempe just south of the City. The University has approximately 45,700 students, graduate and undergraduate, a choice of 12 colleges and has 1,822 full-time faculty members. Other higher educational facilities include the University of Phoenix and the Scottsdale Culinary Institute. The City is also served by 25 public elementary and middle schools, 5 public high schools, and a number of private schools.

### Tourism

Tourism is one of Scottsdale's largest industries and is a significant contributor to Scottsdale's economy. Numerous resort and convention facilities, along with many hotels and motels, provide nearly 10,000 guest rooms, along with many public and private golf courses and tennis courts, and several country clubs. The number of rooms is expected to remain stable through 2003. More than 2,500 retail shops, boutiques, and galleries are located throughout the City and a selection of almost 400 restaurants is available. These services and facilities, complemented by the mild winter, have made Scottsdale a popular vacation spot for tourists and winter visitors.

## Demographics

The following tables provide additional demographic statistics for the City of Scottsdale and its citizenry from the 2000 U.S. Census.

### Gender

Male .....	48.2%
Female .....	51.8%

### Age Composition

Under 5 years .....	5.2%
5 – 14 years .....	11.1%
15 – 24 years .....	9.7%
25 – 54 years .....	45.5%
55 – 59 years .....	6.5%
60 – 74 years .....	14.5%
75 – 84 years .....	5.8%
85+ .....	1.8%
Median age (years) .....	42.1

### Occupational Composition

Technical/Sales .....	20.0%
Administrative/Support .....	18.0%
Managerial & Professional .....	23.0%
Service/Labor .....	4.0%
Craft/Construction .....	35.0%
Retired/Student .....	

### Race/Ethnic Origin

White .....	88.0%
Hispanic .....	7.0%
Asian .....	2.0%
African American .....	1.2%
American Indian .....	.6%
Other .....	1.2%

### Educational Attainment

4 or more years of college .....	44.1%
1 – 3 years of college .....	33.3%
High School Diploma .....	16.2%
Less than High School Diploma .....	6.4%

### Land Use

Residential .....	63.0%
Undeveloped/Agricultural .....	25.0%
Industrial/Commercial .....	12.0%

### Population

1951 .....	2,021
1960 .....	27,010
1965 .....	54,504
1970 .....	67,841
1975 .....	78,085
1980 .....	84,412
1985 .....	92,844
1990 .....	130,069
1995 .....	168,176
2000 .....	202,705
January 2004 estimate .....	220,480

### Household Income

Less than \$15,000 .....	8.5%
\$15,001- \$29,000 .....	13.4%
\$30,000 - \$39,000 .....	10.3%
\$40,000 – \$59,999 .....	18.0%
\$60,000+ .....	49.8%
Median Household Income .....	\$59,873

[Source: City of Scottsdale, Economic Vitality Department]



**Budget Award for Fiscal Year 2003/04 Budget**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for the fiscal year beginning July 1, 2003. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

# City Manager's Budget Transmittal

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March 9, 2004

Honorable Mayor and City Council:

The City of Scottsdale 2004/05 Proposed Budget reflects the early stages of an apparent recovery in the national, statewide and local economy after an unprecedented three years of declining revenues for the City. The budget is based on more optimistic economic forecasts than the City has seen since FY 2000/01. However, the optimism is guarded. The magnitude and timing of the economic recovery is uncertain. The City is past a historic period of expansion. Its economy is maturing and moving to a slower – and more sustainable – level of growth.

The projected modest improvements in the City's revenues and savings carried over from this fiscal year will allow Scottsdale to meet its most pressing needs for the 2004/05 fiscal year. These needs include the transition to a municipal fire department, an increased focus on code enforcement and property maintenance in the mature portions of the City, and continued emphasis on economic vitality and redevelopment. However, because of conservative revenue projections, longer-term forecasts show the City's needs will potentially outpace revenues in two years. Given the unsettled nature of the economy, it is difficult to project revenues two or more years into the future with a degree of certainty. The forecasts serve as an early warning that the city must continue to exercise restraint in its long-range fiscal planning.

For these reasons, the City staff is proposing a conservative budget that includes a limited number of new positions for the City's highest priorities and incremental enhancements in services. City staff continued to use a zero-based, "program budget" approach, which focuses on the quality of each service citizens receive from the City, whether the service is provided by one department or several. The staff also continued to develop a more realistic and precise plan for continued investment in the City's basic infrastructure and public facilities, combined with a more comprehensive analysis of maintenance and operating costs.

As in years past, the main focus of the proposed budget is the General Fund, the City's largest fund, which supports basic services. Under the proposed budget, General Fund expenditures, debt payments and transfers-out to other funds will increase from \$194.9 million in the current fiscal year to \$214.1 million. The largest single factor in the increase is the transition to a municipal fire department, including one-time capital costs for new equipment. From a historic perspective, while General Fund expenditures, debt payments and transfers-out are increasing over last year, they remain below the \$218.2 million budget adopted in 2001/02.

Highlights of the proposed General Fund budget include the following:

**Additional staff positions and resources to support the transition to a municipal fire department and to open a new fire station.** The proposed budget includes \$5.8 million for equipment and other capital costs associated with the planned transition to a municipal department by July 2005. It also includes 13.5 new positions in other departments, such as Fleet Management and Human Resources, which will be phased in throughout the year to support the transition to a new municipal department. The estimated cost of the support positions is about \$520,000. The City's ongoing costs for these positions will be partially offset next fiscal year, when the City no longer is continuing to pay for the Rural/Metro contract. The proposed budget also includes additional firefighter positions to staff a new station at Jomax and Scottsdale roads.

# City Manager's Budget Transmittal

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**A handful of new staff positions to address high priority service areas such as code enforcement, downtown, parks and recreation, economic vitality and building security.** The budget proposes adding the equivalent of 8.84 positions at an estimated cost of \$440,000. These are the first new staff positions (unrelated to the fire transition) added to the General Fund budget since the FY 2002/03 budget. They include two code enforcement positions, two added positions in Economic Vitality focusing on job-creation, revenue enhancement and economic research, an administrative support position for the new Downtown Group, an additional technician for building maintenance needs, a position in the mailroom to help with increased security and screening, an added "K-9" police officer to enhance building security, and added part-time after-school recreation program leaders.

**A \$3.5 million contingency for increased public safety services if voters approve a May 18 ballot measure.** The draft General Fund budget includes this contingency so that the City will have the budgetary authority to spend additional dollars in FY 2004/05 if voters pass a ballot initiative to increase the City's sales tax rate by 0.10 percent for increased public safety services. The contingency would be used for additional police officers, code enforcement officers and upgrades in fire services.

**A 2.5 percent cost-of-living pay adjustment for City personnel.** Employees have not received a cost-of-living adjustment since January of 2003, and many are paying higher costs for health care and higher retirement system deductions. The total cost for the adjustment is \$2.7 million.

**Added funding for public safety retirement costs.** The City's contribution to the Arizona Public Safety Retirement System for FY 2004/05 increases by about \$600,000.

**Added resources for tourism marketing.** The draft budget includes a change recommended by the Tourism Development Commission to raise the percentage of Transient Occupancy Tax, or "bed tax," revenues that directly support tourism marketing and development. The proportion would rise from the current 66.7 percent to 80 percent. The change will provide approximately \$900,000 of additional funding for the City's hospitality development activities, but would eliminate the General Fund contribution for the Culture Quest program, which is funded at \$770,000 for the current fiscal year. Instead, Culture Quest and any additional tourism marketing initiatives would be funded through bed tax revenue.

**Added support for downtown maintenance.** The draft budget also reflects Scottsdale's effort to continue fostering economic vitality in the downtown area. It includes approximately \$465,000 for an Enhanced Maintenance Services Pilot Program to provide a higher level of maintenance, especially litter and refuse pick-up, for the downtown area.

**Adjustments to youth sports field fees.** The proposed budget proposes a reduction from \$3 to \$2 in the hourly fee charged to teams for the use of youth sports fields. The budget also provides an increased level of maintenance on four additional youth sports fields at Scottsdale schools.

**Maintenance of the "emergency fund."** The proposed budget continues the practice of setting aside a reserve equal to 10 percent of the General Fund and Highway User Fund program budgets to ensure the City can provide basic services in the event of major emergencies. This reserve is also very important in retaining the City's triple AAA bond ratings.

A second, significant component of the proposed budget is the Capital Improvement Budget, which includes funding for public buildings, parks, streets and other major infrastructure projects. The FY 2004/05 capital budget includes funding for:

- Reinvestment in infrastructure and parking structures in the downtown area.
- The new Fire Station #826 at Jomax and Scottsdale Roads
- A new Police Operational Building
- The CAP Basin Lighted Sports Complex
- The new senior center at the McDowell Village site at Granite Reef and McDowell roads
- The extension of Hayden Road north from Loop 101 to Thompson Peak Parkway
- The new Chaparral Water Treatment Plant
- Arsenic mitigation equipment for the City's water system
- Design of a proposed multi-purpose building at WestWorld

# City Manager's Budget Transmittal

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The proposed budget would affect citizens and taxpayers in the following ways:

**The property tax rate will continue to drop.** For the seventh consecutive year, the City's estimated combined property tax rate will drop. For FY 2004/05 the combined property tax rate will decrease by 5 cents from \$1.12 to \$1.07 per \$100 of assessed valuation.

**Utility charges will rise marginally.** The average homeowner's combined bill for water, sewer, refuse, and recycling services will increase an average of about \$1.50 per month.

**A proposed charge may be added to utility bills for unfunded federal mandates on stormwater quality, if approved by the Council.** The charge would increase the average residential utility bill by approximately 40 cents per month, in addition to the increase in regular charges. Revenue from this charge, approximately \$600,000 per year, will reimburse the General Fund for City programs needed to meet federal water quality standards for stormwater management.

## Budget timing, ballot measures and state legislation

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As noted above, the draft General Fund budget includes an appropriation of \$3.5 million for additional public safety expenditures, contingent on voter approval of a May 18 ballot measure for a dedicated 0.10 percent sales tax for public safety. The draft budget also includes capital appropriations for additional land purchases in the McDowell Sonoran Preserve if voters approve an additional 0.15 percent dedicated sales tax for preservation. The appropriations are included to give the Council flexibility to adjust the budget if voters approve these measures.

The City needs to include the additional appropriations to comply with state requirements for adoption of the tentative budget. The tentative budget sets the City's annual maximum legal expenditure limit. It cannot be increased after it is set in May. In the event the ballot initiatives are not approved, the City Council may lower the appropriation amounts when it adopts the final budget in June.

This proposed budget does not account for any potential legislative changes or modifications to the allocation of the state-shared revenues that could affect the City's final budget. The staff will continue to monitor the state's budget proposals and assess the impact of any proposed changes on the City.

## Components of the Proposed Budget

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This transmittal letter is intended to provide the City Council with a broad overview of the proposed budget, key changes and issues and recommendations for changes in the City's Financial Policies. As noted above, it focuses mainly on the General Fund. This fund provides the core services available to all citizens, and therefore warrants the most attention during the budget review process.

Two additional volumes complete the proposed budget. Volume Two includes individual budgets for more than 180 programs. The goal of the program budget is to provide the City Council, citizens, and other stakeholders a more focused analysis of the costs of each City service or function, whether the service is provided by one department or through the combined efforts of several areas. Each program budget includes a program description, services provided, City Council Broad Goals supported by the program, a multi-year summary of budget and staffing, customers, program broad goals and objectives and performance measures.

Volume Three provides a detailed summary of the proposed FY 2004/05 capital budget and five-year capital improvement plan, or CIP.

The following is a summary of budget highlights by fund. A more detailed analysis of each fund – revenues and operating expenditures – is included in the "Budget by Fund" section of this volume.

## General Fund Revenues

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The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. General Fund revenue estimates in the proposed budget are pragmatic. In the aftermath of three years of an economic downturn, with consumer confidence improving, the staff could risk being overly optimistic in forecasting revenues, hoping for more rapid revenue growth to better address the "pent-up" needs of the community. This approach would not be in the best long-term fiscal interest of the City.

The revenues forecasted in this proposed budget reflect a guarded optimism, tempered by the reality that the local, state and national economies are complex and uncertain. The proposed budget is based on projections that

# City Manager's Budget Transmittal

Scottsdale's population will continue to grow at an annual rate of 1.6 percent, and the City will experience an estimated annual inflation rate of 2.5 percent for the coming fiscal year.

Total General Fund revenues and transfers-in are expected to increase about 5.2 percent, from \$203.7 million in FY 2003/04 to \$214.2 million in FY 2004/05. The following General Fund revenues represent the most significant changes between fiscal years:

Transaction Privilege Tax, or "Sales Tax" – These revenues are drawn from the 1.0 percent General Fund share of the City's 1.4 percent sales tax. (The remaining 0.4 percent goes to Special Revenue Funds for transportation and the McDowell Sonoran Preserve.) The tax is the City's single largest revenue source. It is projected to increase 3.2 percent, or \$2.6 million, to \$84.8 million in FY 2004/05. The projected increase in the tax reverses a three-year decline in sales tax revenue. The tentative nature of the national, state and local economies, relatively high unemployment and slow job growth, and the ongoing threat of terrorism all have the potential to affect this elastic revenue source. Beyond FY 2004/05, the five-year financial plan projections reflect a slow and modest increase in sales taxes – essentially keeping pace with a projected modest inflation rate.

Property Taxes – This revenue source is one of the few stable General Fund revenues and is anticipated to increase by \$1.1 million, or 6.4 percent over FY 2003/04, to \$17.6 million. The increase in revenue is driven by a combination of growth in existing property assessment values, up 6.2 percent, and new construction, up 4.6 percent.

Transient Occupancy Tax, the Hotel "Bed Tax" – This revenue source is expected to increase to \$6.7 million, a very modest 2 percent increase from FY 2003/04. Like sales taxes, these revenues are less predictable because of ongoing uncertainty in the economy and the magnified effects of potential acts of terrorism on business and pleasure travel. Growing competition from new resorts in neighboring jurisdictions limits the likelihood of significant growth in this revenue source in FY 2004/05 and beyond.

State-Shared Revenues, or "Intergovernmental Revenues" – These revenues are projected to increase less than 1 percent, from \$34.2 million in FY 2003/04 to \$34.5 million in 2004/05. These revenues are from state sales and income taxes shared with Arizona cities and towns, based on a statutorily determined formula. The shared sales tax revenue projection is based on a slow and modest statewide economic recovery. The shared income tax revenue projection reflects a two-year lag between the time citizens file their state taxes and the date the revenues are sent to cities and towns. These estimates do not factor in any potential reductions resulting from legislative changes or reductions. The Five-Year Financial Plan assumes the mid-decade census will adversely impact the City's state-shared revenues by an estimated \$1.7 million in FY 2006/07, as faster growth cities and towns within the state receive an increased proportion of the overall pool of state-shared revenues.

Development Permits and Fees - These revenues are projected to decrease by \$750,000, or 5 percent, to \$14.3 million from FY 2003/04. This unpredictable revenue source can have dramatic peaks and valleys from year to year. The staff foresees a slight slowdown in development and construction during the coming fiscal year and beyond as Scottsdale approaches build-out.

Fines and Forfeitures – These revenues are anticipated to increase approximately \$800,000, or 18.2 percent, to \$5.2 million in FY 2004/05. These revenues are expected to rise significantly because the State Legislature repealed legislation that diverted a substantial portion of the City's court fine revenue to the state.

Transfers-In – As noted above, the proposed budget includes a \$3.5 million contingency if voters approve a 0.10 percent sales tax for public safety. Those dollars would be transferred into the General Fund to support police, fire and code enforcement. This transfer-in constitutes a significant portion of the increase in General Fund revenues for 2004/05.

## General Fund Expenditures

Under the proposed budget, General Fund expenditures, debt payments and transfers-out of the fund increase \$19.2 million, or 9.9 percent, from \$194.9 million in FY 2003/04 to \$214.1 million in FY 2004/05. The most noteworthy changes in the General Fund expenditures and transfers-out are outlined below:

New Staff Positions – The proposed budget includes the payroll, benefits and operating costs associated with 22.34 new General Fund positions, for a total cost of about \$960,000. The new staffing includes 13.5 new positions to support the fire transition, at a cost of about \$520,000. Most of these positions will be filled in the second half of the fiscal year to minimize the budget impact. The remaining 8.84 new positions add about \$440,000 to the proposed

# City Manager's Budget Transmittal

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budget and will be filled in the first half of the fiscal year. These new positions will address high priority services areas such as code enforcement, downtown, trash collection, parks and recreation, economic development and increased security for City buildings.

Contract Worker Conversions – The proposed budget reflects the conversion of 2 full-time and 10 part-time contract worker positions to City employee status. These long-time contract positions are in ongoing high priority service areas such as maintenance and citizen security. The conversions to City employee status will contribute to the Council's goal of high quality core services. The conversions are the equivalent of 6.2 full-time positions. After eliminating the contractual service costs for these individuals, the net fiscal impact on the FY 2004/05 budget is less than \$6,800.

Public Safety Retirement Costs – The City's contribution to the Arizona State Retirement System for police officers will rise by about \$600,000 in FY 2004/05. Under state law, a public safety employee's contribution to the retirement system is capped at 7.65 percent of the employee's annual compensation; the employer must pick up any increase in the actuarially determined total contribution rate.

Market Pay Adjustment – The proposed budget includes a 2.5 percent cost-of-living pay adjustment for City personnel, which equates to a \$2.7 million impact on the General Fund. The adjustment will help keep Scottsdale's pay ranges competitive. Employees have not received a cost-of-living adjustment since January 2003 and many have less take-home pay because of increased costs for retirement and health care.

Transfers-Out – The 2004/05 proposed budget increases the total amount transferred out of the General Fund to other funds by more than 50 percent, to \$16.9 million. The primary driver for the increase is a \$5.8 million transfer to the Capital Improvement Program for one-time capital equipment and facilities costs associated with the fire department transition. The transfer-out to the Highway User Revenue Fund (HURF) will increase by more than \$400,000, to \$3.6 million, to support transportation programs. Finally, \$600,000 is budgeted for transfer to the Self-Insurance Fund to meet the actuarially determined funding recommendations for claim expenses and rising insurance costs.

Fire Services - The fire budget includes \$1.3 million of contractual increases primarily for union-negotiated firefighter pay adjustments, anticipated increases in Rural/Metro Corporation's health care costs, and 401K benefits. It also includes \$300,000 for added firefighter positions for a new fire station at Jomax and Scottsdale roads. These positions are expected to be hired in the spring of 2004 and will work out of the temporary station at Jomax and Pima roads until the permanent Station #826 is completed.

Downtown Group and Downtown Maintenance – The Downtown Group, established in the second half of FY 2003/04, continues to strategically address the needs of downtown businesses, the arts community and a growing downtown residential population. This program has assumed the responsibility for managing the City's contract with the Scottsdale Cultural Council. Funding transfers from other programs offset most of the costs for this new program. The City also will launch a \$465,000 Enhanced Maintenance Services Pilot Program in the downtown, covering an area of more than 700 acres. The pilot program, mainly for enhanced litter and refuse services, is included in the Community Services Department budget. Most of the funding for this new pilot program will come from a Solid Waste Fund transfer-in.

Culture and Tourism – The proposed budget includes a 3 percent increase for the Scottsdale Cultural Council contract and a 2 percent increase for the Scottsdale Convention and Visitors Bureau contract. Also proposed is a modification in the percentage allocation of the bed tax, which would increase the City's budget for tourism development. Additional information on the proposed modification to the bed tax is under the section on "General Fund Policy Options for Council Consideration" below.

## General Fund Balances and Reserves

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The proposed FY 2004/05 budget includes the following fund balances and reserves:

General Fund Reserve – This reserve, projected to total \$24.2 million at the end of 2004/05, continues the City's financial policy of setting aside funds to protect Scottsdale in times of emergency. This is the City's "savings account." Most of these funds are carried over from previous years, and once they are spent, it will be extremely difficult to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of \$22.2 million, an amount equal to 10 percent of total annual operating costs for the General and Highway User Revenue funds. For FY 2004/05 the proposed General Fund Reserve includes an additional \$2 million set aside in case the City must

# City Manager's Budget Transmittal

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pay a settlement in an ongoing taxpayer refund audit. Maintaining this reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings.

Economic Investment – The proposed budget uses a portion of the original \$5.0 million balance set aside by the City Council for strategic economic development investments that demonstrate clear returns to the community. In FY 2004/05, \$304,000 from the Economic Investment allocation is proposed to pay a share of the initial debt payments for the Loloma Museum. Bed tax revenues will cover the balance of the debt payments, \$223,000. During FY 2004/05, the staff anticipates the Economic Investment allocation will provide \$500,000 of the \$3 million loan, approved by City Council last December, for the new Mayo Clinic/TGen research facility.

Operating Contingency – The proposed budget includes a \$2.5 million operating contingency to meet unforeseen expenses during the year. This reserve is especially important in FY 2004/05, as we prepare for the transition to a municipal fire operation and possible unforeseen costs.

Open Purchase Order Reserve – The proposed budget anticipates \$4.4 million of purchase orders from FY 2003/04 that will be completed and paid after the June 30 fiscal year-end. This reserve provides a funding source for these year-end carryover items.

Unreserved Fund Balance – After considering all of the other reserves, an unreserved fund balance of nearly \$12.6 million is projected at the end of the 2004/05 fiscal year, resulting mainly from a large carryover from the 2003/04 budget. These funds are not designated for a specific purpose. The City Council may choose to allocate some or all of these dollars for new or expanded programs or requests, or to allocate them to other reserve funds. The unreserved fund balance represents an accumulation of one-time revenues and would most appropriately be used for one-time expenditures, not to fund new or expanded programs with ongoing operating costs.

## General Fund Budget Options for City Council Consideration

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The General Fund budget outlined above is based on changes in three key Financial Policies recommended by the City staff for Council consideration. The changes would apply to:

The allocation of bed tax revenue. The Tourism Development Commission is recommending that the City Council increase the percentage of bed tax revenues used for tourism development purposes from 66.7 percent to 80 percent. The recommendations would require amendments to a City Ordinance. The change would mean a smaller portion of bed tax revenues, 20 percent, would remain in the General Fund to support core City services, and a larger portion would go to tourism development. As an offset, however, the current \$770,000 annual contribution from the General Fund for the Culture Quest program would be eliminated. Tourism development uses include destination marketing and promotion provided through the Scottsdale Convention and Visitors Bureau contract, visitor research and visitor-related capital projects.

The use of construction sales tax revenues. The staff is recommending a financial policy that limits to 75 percent the portion of annual construction sales tax revenues that may be used for ongoing operating expenses. The remaining 25 percent would be used to fund projects in the City's Capital Improvement Plan. This policy is intended to prevent an over-reliance on the potentially volatile construction sales tax for year-to-year operating costs.

Water quality charges. The staff is recommending that the City Council include a charge in water bills to fund programs to meet unfunded federal storm water quality mandates. The charge would help the City meet requirements under the National Pollution Discharge Elimination System (NPDES). The charge would generate approximately \$600,000 annually.

## Special Revenue Funds

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The City accounts for revenues earmarked for specific purposes – by law or City policy – through special revenue funds. Two potential new funds are included, one funded by the 0.15 percent sales tax increase for McDowell Sonoran Preservation proposed on the May 18 ballot, and the second funded by the 0.10 percent sales tax increase for public safety proposed on the same ballot. As noted previously, the potential new revenues and expenditures associated with these funds are included in the proposed budget to allow the City to comply with the Arizona's tentative budget adoption requirements.

The largest existing special revenue funds, by far, are for transportation and preservation. Transportation programs are accounted for in two separate funds, the Highway User Revenue Fund and the Transportation Privilege Tax Fund. The

# City Manager's Budget Transmittal

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Highway User Revenue Fund accounts for transportation operating expenditures. These include \$10.3 million for master planning, transit services, traffic engineering and other operations in the Transportation Department and \$11.5 million for street and signal operations and maintenance provided by the Municipal Services Department.

The revenues and transfers-in to the Highway User Revenue Fund are expected to increase 4.8 percent, from \$23.8 million in FY 2003/04 to \$24.9 million in FY 2004/05. The largest source of revenue for this fund is the state Highway User Revenue Fund tax, commonly known as the gas tax. State shared gas taxes are expected to increase by about 3 percent from \$13.5 million to \$13.9 million. Local Transportation Assistance Fund revenue from the Arizona State Lottery is expected to remain at the same level as 2003/04, about \$1.1 million. Transfers-in to the fund are projected to increase by almost \$800,000 from \$9.1 million to \$9.9 million.

Total revenue to the Transportation Privilege Tax Fund is expected to increase 3.2 percent from \$15.2 million in FY 2003/04 to \$15.7 million in FY 2004/05. All of the revenues in this fund are used to support transportation purposes. Approximately \$6.3 million will go to the Highway User Revenue Fund to pay for operating costs supporting transportation improvements and \$9.4 million will go to the Capital Improvement Plan for transportation related capital projects.

Total revenue to the 1996 Preservation Privilege Tax Fund, which draws its revenue from the existing 0.2 percent preservation sales tax, is expected to increase by 3.2 percent from \$16.3 million in FY 2003/04 to \$16.8 million in FY 2004/05. Total expenditures and transfers-out of the fund are estimated at nearly \$21.0 million, compared to \$17.0 million in the current fiscal year. The primary expenditure driver is an anticipated increase in debt payments related to the planned issuance in April 2004 of \$65.4 million of General Obligation Preserve Bonds. The bonds will provide funding for the City to move ahead on current preserve purchase plans.

The budget for the 2004 Preservation Privilege Tax Fund, supported by a proposed 0.15 percent increase in the sales tax rate for preservation, is *contingent* on the outcome of the May 18 ballot initiative. The first-year revenue forecast for this potential new fund is \$11.7 million. Under the ballot language, revenues received by this fund may be used for debt service payments related to preserve acquisition and preserve-related construction, such as proposed trailheads.

The budget for a new Public Safety Privilege Tax Fund also is *contingent* on the outcome of another May 18 ballot question. The first-year revenue forecast for this potential new fund is approximately \$7.9 million. The total transfers-out of this fund to the General Fund for the purpose of covering proposed public safety initiative costs are estimated to be \$3.5 million. Any revenues collected and not transferred in FY 2004/05 would remain in the fund exclusively for future public safety uses.

A collection of smaller restricted revenues for specific City services is included in the Special Programs Fund. The services included in these various funds are intended to be fully self-supporting and not subsidized by the General Fund. Total revenues and transfers-in and expenditures and transfers-out for these funds are estimated at \$2.5 million and \$4.0 million, respectively.

Examples of these funds include the Police Department RICO funds, the City Court's Court Enhancement Fund, the McCormick-Stillman Railroad Park Fund, the Scottsdale Cares charitable fund and the Preservation Rehab Fund for historic building rehabilitation.

## Enterprise Funds

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Enterprise funds account for the City's water, sewer, solid waste collection and aviation services, operated as stand-alone businesses. User fees are assessed to cover the full cost of services. Under the proposed budget, the total for revenues and transfers-in to these funds increase from the \$124.6 million in FY 2003/04 to \$130.9 million in FY 2004/05.

Federal water quality mandates continue to significantly affect the Water and Sewer Fund. The City faces mandates to reduce arsenic levels in drinking water and another forthcoming mandate to reduce levels of by-product compounds from chlorine disinfection by 2006. In this past year, the City began a trial project to help determine the most effective method to meet federal standards. However, the Five-Year Financial Plan still anticipates the need to issue over \$100 million in debt to pay for the infrastructure to meet these mandates.

The budget includes a modest 3 percent water fee increase to help pay for these added costs. It also includes future debt of \$20.0 million, to be issued in April 2004, and a small increase, 2.5 percent, in sewer rates to fund expansion and upgrades to wastewater treatment facilities.

# City Manager's Budget Transmittal

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The proposed fund balance and reserves in the Water and Sewer Fund will continue to meet three policy objectives adopted by the City Council last year: (1) ensure adequate funding for operations, (2) ensure infrastructure repair and replacement and (3) provide for incremental and affordable rate changes for customers over time. The long-range water and sewer financial plan focuses on preserving two reserves: a 90-day operating reserve and an infrastructure repair/replacement reserve (as required by our revenue bond indenture). Remaining accumulated funds will be used only for future infrastructure projects and to level rate impacts to customers over time. The budget proposes a drawdown of accumulated cash in accordance with the water and sewer multi-year financial plan to fund major infrastructure projects needed to meet the unfunded federal mandates for water quality previously noted.

The proposed FY 2004/05 Solid Waste Fund budget includes no increase in fees for the operation of refuse collection and recycling services. The Solid Waste Fund is expected to maintain a positive fund balance over the life of the Five-Year Financial Plan. The plan continues to meet the 90-day operating reserve financial policy adopted by City Council last year. The 90-day operating reserve was established to provide future funding to address emergencies and the possibility of significant future landfill cost increases. In 2004/05, it will help fund the new enhanced downtown maintenance pilot program.

Under the proposed budget, the average monthly residential utility bill for water, sewer and refuse service would increase about \$1.50 per month. As noted under the General Fund budget options section above, another 40 cents would be added to the average monthly residential bill to fund compliance with federal stormwater quality mandates.

The proposed FY 2004/05 Aviation Fund budget includes no increase in landing fees in FY 2004/05. The five-year forecast for this enterprise fund projects continued positive fund balances and no planned operating subsidies from the General Fund. The Aviation Five Year Financial Plan will meet the 90-day operating reserve financial policy adopted by City Council last year. This 90-day operating reserve was established to provide funding for potential emergencies, to provide matching funds for potential grants and to ensure that further General Fund subsidies are avoided.

Proposed Enterprise Funds policy changes for City Council consideration include the following:

The proposed water quality charge for stormwater. Details of this proposal are explained above under the section on "General Fund Budget Options." Revenues would be collected in the Water and Sewer Enterprise Fund and transferred-out monthly to the General Fund.

Funding for the Enhanced Maintenance Services Pilot Program. The proposed Solid Waste Fund budget includes approximately \$370,000 to fund the new Community Services Department pilot program in the downtown. The new program will provide residents and businesses located within the 700-acre downtown an enhanced level of litter and trash service to bolster the image and appearance of the area. An estimated 80 percent of the enhanced services would be solid waste-related. Therefore, the staff is recommending that the City Council authorize funding for up to 80 percent of the pilot program costs to come from the Solid Waste Fund, through a transfer-in to the General Fund.

## Internal Service Funds

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Internal Service Funds account for services and equipment provided to all City departments by centralized divisions, such as maintenance of the City's vehicle fleet and insurance coverage.

Most of the \$30.9 million in FY 2004/05 revenues and transfers-in to these two funds come from internal charges to City departments.

The total revenue and transfers-in to the Self-Insurance Fund of \$18.9 million reflect an expected increase over the current fiscal year, as the City moves to self-insuring for health care. The proposed budget anticipates total operating and claims expenditures and transfers-out of \$16.7 million in FY 2004/05. The projected ending fund balance reserve is \$12.1 million for property casualty and \$8.1 million for health benefits.

The proposed Fleet Management Fund forecasts \$12.0 million in revenues and includes a 3 percent increase in the FY 2004/05 fleet rate, which is then reflected in fleet rates charged to City departments. The FY 2004/05 budget includes \$3.6 million for vehicles and equipment. Of that amount, \$1.3 million would go to public safety vehicles and equipment, \$400,000 for solid waste, \$300,000 for street maintenance, and \$1.5 million for general fleet replacements. Additionally, the budget includes approximately \$59,000 to cover the initial costs associated with the staggered hiring of four equipment mechanics starting in March 2005 for the July 2005 fire department transition. After considering all of the proposed acquisitions and rates, the proposed Five-Year Financial Plan for the Fleet Management Fund continues to maintain a solid fund balance reserve.

# City Manager's Budget Transmittal

## Debt Service Fund

Debt service funds are designated for payment of long-term debt not directly paid through the General, Enterprise or Special Revenue funds.

Total revenues and transfers-in to these funds are estimated at \$49.6 million for FY 2004/05, compared to \$41.7 million for FY 2003/04. The same amount, \$49.6 million, is planned for debt service payments. The increase in debt service payments results from planned April 2004 debt issuances of \$48.0 million of General Obligation Bonds for capital projects in the Bond 2000 Program.

Property taxes levied to pay for voter-approved bonds are the largest revenue source, providing \$26.9 million in FY 2004/05. The proposed budget projects the rate for "secondary" property taxes, the portion of property taxes specifically dedicated for bonds, will drop 2 cents from 64 cents to 62 cents per \$100 valuation. This is the seventh consecutive year of a drop in the property tax rate.

Debt service funds also receive revenue from special district assessments and pay for special district debt service. The remaining revenues in these funds are from interest earnings and miscellaneous sources.

## Capital Improvement Plan

A separate, key component of the annual financial plan is the City's Five-Year Capital Improvement Plan (CIP) for infrastructure and public facilities – including roads, water and sewer improvements, parks, buildings and information technology.

The City staff continues to use enhanced project evaluation and cash management processes started last year to prioritize and propose funding for projects. Prior budgets reflected very aggressive and sometimes unrealistic plans to move projects forward. The proposed five-year CIP uses updated, more conservative financial forecasts and reflects only those projects with the highest priority and most realistic expectation for completion during the next five years. This approach avoids raising expectations for projects that are not well defined or that the operating budget will not support. Projects not included in the new five-year CIP will be kept on a pending projects list to be incorporated in a later year when financial forecasts improve.

The improvements in managing CIP finances are helping the City hold down the amounts transferred from the General Fund for capital funding. Setting aside the \$5.8 million in one-time capital costs for the transition to a City fire department, transfers-in from the General Fund actually drop from \$6.8 million in FY 2003/04 to \$6.7 million. The underlying decrease is a result of the new capital project rejustification process undertaken this year and the ability to adjust capital cash flow requirements to better match actual capital spending.

The total proposed CIP appropriation for FY 2004/05 is \$730.3 million, which includes the following major project areas (in millions):

Community Facilities .....	\$134.2
Preservation .....	\$108.7
Neighborhood Drainage & Flood Control .....	\$22.5
Public Safety .....	\$51.2
Service Facilities .....	\$21.4
Transportation .....	\$139.3
Water Services .....	\$253.0

The City continues to face a quandary in capital funding plans. An extremely favorable bond market makes debt financing very attractive at this time. At the same time, the City has limited resources to fund operating costs for many of the proposed capital projects.

Scottsdale is only starting to see signs of an economic recovery after the worst recession in the City's history. The proposed five-year CIP attempts to continue – and even expedite – priority projects with minimal near-term operational impacts.

Also included in the proposed Capital Improvement Plan are administrative changes that will assist in better management of cash flows and project expenditure tracking. For example, where feasible, projects that formerly had

# City Manager's Budget Transmittal

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multiple funding sources – such as bonds and the 0.2 percent transportation sales tax – will move to a single funding source. This change will improve the management of cash flows for the various funding sources, resulting in better planning of bond issuances, federal arbitrage compliance, and citizen property tax impacts. Without this change, the allocation of expenditures to different funding sources is based on assumptions that do not always provide a reliable estimate of the amount and timing for future bond issuances.

One positive outcome of this approach for taxpayers is a plan that forecasts the combined property tax rate dropping from \$1.12 to \$1.07 per \$100 assessed value in FY 2004/05 and staying at or below \$1.07 for the next five years. This is 43 cents, or 29 percent, below the \$1.50 financial policy limit initiated with the Bond 2000 authorization.

## Conclusion

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The information provided in this proposal provides the basis for a comprehensive discussion of the proposed budget over the next few months, when the City Council and the public will have the opportunity to gain more insight into the budget development process and the City's financial picture.

The primary goals of this challenging budget development process have been to:

- Use conservative and realistic revenue forecasts.
- Limit staff increases to high priority service areas and redeploy existing staff, where possible.
- Use a zero-based program budget approach to justify and control expenditures while still focusing on achieving the City Council's Broad Goals and providing basic City services.
- Focus on continuing high priority programs and eliminate or reduce funding to less critical programs.
- Continue to fund needed investment in the City's infrastructure and facilities.
- Continue to plan for the future through the astute use of City resources for strategic economic development investments that demonstrate a clear return to the community.
- Maintain a prudent level of financial reserves.

It is appropriate to thank the City staff, especially Chief Financial Officer Craig Clifford, Budget Director Art Rullo and the entire Financial Services staff, who have put much time and expertise into the development of the proposed budget. The staff has been working on this document since adoption of the FY 2003/04 City Budget, when the first steps of this budget review process began. Departments have worked closely with the Financial Services staff and senior management in developing, documenting and reviewing every component of this proposal. The staff has embraced the City Council's Broad Goals in building a financial plan that delivers the highest quality services at the most reasonable cost to the residents and businesses of Scottsdale.

Citizens already have met with the members of the City Council Budget Subcommittee and the staff to discuss budget priorities for the coming year, and many of their insights have been incorporated in the proposed budget. Over the coming weeks, the subcommittee and citizens will devote many more hours to understand and analyze the proposed budget and offer their perspectives. Their input is an important part of the budget development process.

The City Council is scheduled to begin its formal review of the proposed budget on April 5, when the staff will present the proposed Capital Improvement Plan. Two weeks later, on April 20, the staff will present the proposed Operating Budget and Comprehensive Financial Policy updates. The City Council is scheduled to adopt a tentative budget on May 17 and final budget on June 8, 2004.

The City staff and I look forward to a thorough and thoughtful examination of the FY 2004/05 proposed budget.



Janet M. Dolan  
City Manager

### FY 2004/05 Budget - How to Use This Book - Volume One

#### The City of Scottsdale's budget for FY 2004/05 is comprised of three volumes:

**Volume One** includes the City Council's Mission Statement and Broad Goals, the City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2004/05 through FY 2008/09, which forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

**Volume Two** presents the individual programs within each department. The publication includes specific information about the program descriptions, goals and objectives, customers, partners, and staffing, along with a summary of the program operating budgets by expenditure category and the applicable funding sources.

**Volume Three** includes the Capital Project Budget and Five-Year Capital Improvement Plan (CIP) with more detailed information for each project. Projects accounted for in Enterprise funds are also included in the Capital Project Budget. Capital Project Budget funding sources are matched with budgeted expenditures. All future year operating impacts are noted in the Capital Budget and are included in the Five-Year Financial Plan.

#### FY 2004/05 Adopted Budget Summary - Volume One

Volume One begins with the **City Manager's Transmittal** letters dated March 10 and June 8, 2004. The March 10<sup>th</sup> letter was used to transmit the City Manager's proposed budget to City Council and highlights the prevailing economic condition under which the budget was prepared. The June 8<sup>th</sup> letter conveys the key elements of the adopted budget and the changes from the proposed budget.

The **Overview** section of Volume One describes in further detail the City's budget development process, which includes the roles and responsibilities of staff in the budget development process, the budget adoption, implementation and amendment processes, the use of contingency/reserves, the basis of accounting used to prepare the budget, and the relationship of the operating budget to the capital budget. This section concludes with a summary of the City's adopted Comprehensive Financial Policies, which are used to build the budget and manage the City's finances.

The **Fund Summaries & Five-Year Plan, Budget by Fund, and the Capital Improvement Plan** sections of Volume One represent the core of the City of Scottsdale's adopted FY 2004/05 budget. The Fund Summaries & Five-Year Plan provides a retrospective and prospective view of the City's funds. The first part of the Budget by Fund section, entitled Legal Compliance and Financial Management, offers a brief explanation of the City's use of fund accounting to maintain fiscal accountability. Next, a summary entitled Fund Accounting-Fund Types provides the reader with a description of the generic governmental fund types used by the City.

After an explanation of the fund types, a summary of the revenues, expenditures and fund balance by individual funds are presented. The **Budget by Fund** section concludes with two matrixes – 1) Program Operating Budget by Department/Program and 2) Program Budget Relationship with Mayor and City Council's Broad Goals. Both matrixes provide a bridge to Volume Two with specific page cross-references where the individual program information can be located.

The **Capital Improvement Plan** of Volume One describes the City's Five-Year Capital Improvement Plan along with the associated operating impacts of the capital projects. This section references the reader to Volume Three for further detailed information on capital projects such as the project description, funding source(s), and geographic location.

Volume One concludes with the **Appendix** that provides a summary of authorized staff positions by City department and fund type, the City departmental staff support in the budget development effort, a Five-Year Debt Service Schedule, Schedule of Long-Term Debt Outstanding, and a Computation of the Legal Debt Margin as of June 30, 2004. A Glossary of terms used throughout the City's budget is also included in this section along with the City Council's ordinances reflecting the adoption of the City's FY 2004/05 budget and property tax levy.

### Recommended Budget Practices

The City of Scottsdale budget process incorporates the recommended practices promulgated by the National Advisory Council on State and Local Budgeting (NACSLB). Concurrently, City staff applies diligent effort into improving the process, decisions and outcomes with each new budget year.

The NACSLB was created to provide tools for governments to improve their budgeting processes and to promote their use. In fulfilling that role the NACSLB set forth a framework that has provided the context for development of a set of budget practices for state and local governments. The significance about the practices is that they represent an unprecedented cooperative effort by several organizations with diverse interests to examine and agree on key aspects of good budgeting. The NACSLB was founded by eight organizations representing elected officials, government administrators, and finance professionals at both the state and local government level.

The NACSLB's work focused on long-term financial planning and encourages governments to consider the longer consequences of actions to ensure that impacts of budget decisions are understood over a multi-year planning horizon and to assess whether program and service levels can be sustained. Practices encourage the development of organizational goals, establishment of policies and plans to achieve these goals, and allocation of resources through the budget process that are consistent with goals, policies and plans. There is also a focus on measuring performance to determine what has been accomplished with scarce government resources. The following are excerpts of the NACSLB's guiding principles and budget practice recommendations.

### Budget Definition

*The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.*

A good budget process is characterized by several essential features.

- Incorporates a long-term perspective
- Establishes linkages to broad goals
- Focuses budget decisions on results and outcomes
- Involves and promotes effective communication with stakeholders
- Provides incentives to government management and employees

These key characteristics of good budgeting make clear that the budget process is not simply an exercise in balancing revenues and expenditures one year at a time, but is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals. A good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

### Mission of the Budget Process

*The mission of the budget process is to help decision-makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.*

Communication and involvement with citizens and other stakeholders is stressed. The broad nature of the budget mission allows issues to be addressed that have limited the success of budgeting in the past. Apathy is a serious illness of government. It is in the best interests of government to have involved stakeholders.

The term stakeholder refers to anyone affected by or who has a stake in government. This term stakeholder includes, but is not limited to: citizens, customers, elected officials, management, employees and their representatives (whether unions or other agents), businesses, vendors, other governments, and the media.

It is vital that the budget processes include diverse stakeholders. The budget process should accomplish the following:

- Involve stakeholders
- Identify stakeholder issues and concerns
- Obtain stakeholder support for the overall budgeting process
- Achieve stakeholder acceptance of decisions related to goals, services, and resource utilization
- Report to stakeholders on services and resource utilization, and serve generally to enhance the stakeholders' view of government

The importance of this aspect of the budget process cannot be overstated. Regular and frequent reporting is necessary to provide accountability, educate and inform stakeholders, and improve their confidence in the government. Communication and involvement are essential components of every aspect of the budget process.

## Principles and Elements of the Budget Process

The budget process consists of four broad principles that stem from the definition and mission previously described. These principles encompass many functions that spread across a governmental organization. They reflect the fact that development of a budget is a political and managerial process that also has financial and technical dimensions.

Each of the principles of the budget process incorporates components or elements that represent achievable results. These elements help translate the guiding principles into action components. Individual budgetary practices are derived from these elements and are a way to accomplish the elements. The principles and elements provide a structure to categorize budgetary practices.

1) Establish Broad Goals to Guide Government Decision-Making - A government should have broad goals that provide overall direction for the government and serve as a basis for decision-making.

- a) Assess community needs, priorities, challenges and opportunities
- b) Identify opportunities and challenges for government services, capital assets, and management
- c) Develop and disseminate broad goals

2) Develop Approaches to Achieve Goals - A government should have specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.

- a) Adopt financial policies
- b) Develop programmatic, operating, and capital policies and plans
- c) Develop programs and services that are consistent with policies and plans
- d) Develop management strategies

3) Develop a Budget Consistent with Approaches to Achieve Goals - A financial plan and budget that moves toward achievement of goals, within the constraints of available resources, should be prepared and adopted.

- a) Develop a process for preparing and adopting a budget
- b) Develop and evaluate financial options
- c) Make choices necessary to adopt a budget

4) Evaluate Performance and Make Adjustments - Program and financial performance should be continually evaluated, and adjustments made, to encourage progress toward achieving goals.

- a) Monitor, measure, and evaluate performance
- b) Make adjustments as needed

The NACSLB's work goes on to identify 59 practices to achieve the higher-level activities identified in the principles and elements of budgeting. Scottsdale's budget process attempts to incorporate all of the NACSLB's recommended practices.

## Budget Roles and Responsibilities

Every City of Scottsdale employee plays a role in the City's budget — whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, of course, each general manager, through the City Manager, is accountable to the City Council for the performance of program personnel in meeting City Council's Broad Goals (see page V in the Introduction section) and specific workplan objectives within allocated resource limits.

The actual budget responsibility of the employees are identified more specifically below:

- The **Program Manager** is responsible for preparing an estimate of remaining cost requirements for the current fiscal year, projecting the base budget requirements for the next fiscal year, and developing other requests that change or revise the program so that it will be more effective, efficient, productive, and economical.
- The City departments have **Budget Liaisons** and **CIP Liaisons** that coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Budget Analyst on matters related to their specific operating budget. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. The **CIP Liaisons** essentially serve the same role as the Budget Liaisons; however, their focus is on the coordination of capital projects and multi-year capital planning with the Financial Services Department staff. In many cases the same individual serves as both the departmental Budget Liaison and CIP Liaison. A list of Budget Liaisons and CIP Liaisons and their area of responsibility appears in the appendix, page 129.

- The **CIP Technology Review Team** and **CIP Construction Review Team** are comprised of mid-level staff from various City departments. These cross-departmental teams are responsible for reviewing the initial review of all of the City's capital projects. Their reviews are focused on timing and cost considerations, compiling lifecycle costs, and preparing a preliminary Capital Improvement Plan recommendation for review and revision by the General Managers, Chief Financial Officer, Deputy/Assistant Managers, City Manager, City Council and various boards and commissions comprised of citizens. A list of Coordination Team members appears in the appendix, page 129.
- The **Division Directors, General Managers, and Charter Officers** are responsible for reviewing historical performance, anticipating future problems and opportunities, considering alternative solutions, and modifying and assembling their program data into a cohesive budget information package. General Managers critically evaluate all requests, prioritize, and submit a balanced budget plan including only those requests, which support City Council's Broad Goals, City Manager workplan, administrative direction, and program objectives.
- The **Budget Director** and **Budget Analysts** are responsible for preparing the short-range and long-range revenue and expenditure forecasts, calculating user and indirect cost rates, developing the process and related forms for preparing the budget, providing budget training sessions to the Budget Liaisons and CIP Liaisons, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating and summarizing budget requests from departments and preparing budget review materials for the Chief Financial Officer, Deputy/Assistant Managers, City Manager, Mayor, and City Council.
- The **Budget Director, Chief Financial Officer (CFO), and Deputy/Assistant City Managers** collaborate in developing programmatic, operating, and capital policies and financial plans that help define how Scottsdale will achieve its long-term goals. They are responsible for reviewing the program operating and CIP requests and working with program managers to develop program and service recommendations that are consistent with City Council's Broad Goals, management strategies, and the City's Adopted Financial Policies (see page 18 of this Overview section).
- The **City Manager** is responsible for reviewing the total financial program and submitting a balanced City-wide proposed budget, which supports the City Council's Broad Goals established by the Mayor and City Council.
- The **City Council Budget Subcommittee** gathers citizen input and priorities regarding the City's budget early in the budget development process. In the early winter the Subcommittee holds public budget forums in various geographic locations throughout the City. In late March, the Subcommittee holds budget work sessions with each of the department heads to review their proposed operating and capital budgets. The sessions are open to the public and are intended to assess how well the department's proposed budget aligns with the earlier citizen input, priorities, and supports the City Council's Broad Goals established by the Mayor and City Council. The Subcommittee also reviews the City's proposed multi-year Financial Plan including an examination of the revenue forecast and related assumptions. The Subcommittee members report their findings to the full City Council during a public meeting, in early May before the first public budget hearing with the full Council.
- The **Mayor and City Council** initially set the direction for the budget by establishing broad goals for the organization, which serve as a basis for decision-making. The Mayor and City Council are ultimately responsible for the review of the City Manager's proposed and tentative budget and final adoption of the budget.

### City of Scottsdale's Budget Process

The budget process is key to the development of Scottsdale's strategic plan - allowing City Council and staff the opportunity to reassess goals and objectives and the means for accomplishing them. While the budget may be reviewed by the Mayor and City Council in April and May and adopted in early June, its preparation begins with the City Council's fall retreat, which is open to the public. During the retreat the Council members collaborate on establishing a mission and broad goals for the community and articulating their priorities. During the retreat the following are also typically covered methods of expanding and enhancing public input, the City's Financial Policies, the most current Financial/Revenue Forecast, and any emerging "hot budget issues". The City Council's feedback from the retreat provides the groundwork and starting point for the staff to begin framing the program and Capital Improvement Plan budgets.

### **Needs Assessment and Financial Capacity Phase**

In this phase, which begins in the late summer and continues up to the final budget adoption, the staff compiles and updates on an ongoing basis the City's multi-year revenue forecast. The first year of the estimated revenues ultimately defines the expenditure limitations for the budget to be developed. The multi-year revenue perspective further refines the City's current and future period expenditures — with the goal of not adding programs, services or staff which do not have a sustainable funding source.

Also, during this key phase the City staff is assessing what programs, services and capital needs exist as seen by our citizens, boards, and commissions. Public input and involvement are an extremely important and value added component of Scottsdale's budget process in assessing citizen satisfaction with services and establishing priorities for the coming budget year(s).

One way the City gathers public feedback on citizen satisfaction with services is through a citizen survey. In the early fall, an independent research organization conducts a citizen survey, which is facilitated by the City's Communications and Public Affairs (CAPA) staff and the results are shared during the City Council fall retreat.

Another way the City gathers public input and further insight into citizens' budget priorities for the forthcoming budget is through the City Council Budget Subcommittee. The Budget Subcommittee hosts a series of public budget forums in various geographic locations in the City during January. After the City Manager's proposed budget is released in March, the Budget Subcommittee conducts public budget work sessions reviewing the departmental/program budgets and the proposed multi-year Financial Year Plan and proposed budget with the City staff in budget work sessions.

The staff and City Council also use the Economic/Financial Updates and Financial Trends Analysis Report as integral parts of the budget decision-making process incorporating both short and long-range economic and financial forecasts, program objectives and financial policy. The City's current financial condition with existing programs is evaluated, as well as its future financial capacity to sustain service levels. The most recent Economic/Financial Updates and Financial Trends Analysis Report may be viewed on the City's Internet website: [www.ScottsdaleAz.gov](http://www.ScottsdaleAz.gov).

The City's infrastructure needs (capital improvement projects) are also evaluated and play an important role in forecasting related short and long-term operating needs. The General Fund's ability to absorb the

ongoing operating costs associated with proposed capital projects is an especially significant criterion in assessing whether a project moves forward in the Capital Improvement Plan and receives funding in the proposed Program Operating and Capital Budgets.

During this early phase of the budget development, key fiscal forecasting assumptions are made, i.e., reserve funding, capital funding contributions, compensation adjustments with special consideration given to major compensation cost drivers such as healthcare and retirement increases. The projected impacts of cost/inflation over the City's multi-year financial projections are also considered and factored into the analysis. The preliminary assumptions are used to forecast the City's fiscal capacity and provide the financial framework within that program service levels and capital infrastructure project budgets must be developed.

### **Policy/Strategy Development and Prioritization Process Phase**

At its fall retreat, the City Council review the citizen input, Financial Policies, Economic Trends Analysis, citizen survey results and the most current Financial Forecast. They discuss broad organizational goals, priorities, and constituents' suggestions and expectations for Scottsdale. From this, the City Council establishes broad goals and strategic directives, which are the cornerstone for the development of the budget. These broad goals provide the overall direction for Scottsdale and serve as a basis for decision-making. The executive and senior management staffs update City financial policies, plans, programs, and management strategies to define how the City will achieve the broad goals. It is within this framework that the City staff formulates the proposed Program Operating and Capital Budgets.

### **Budget Development and Prioritization Process Phase**

In the early fall the Capital Improvement Plan development begins in conjunction with the City's financial forecasts. Initial departmental capital project requests and changes to existing capital projects are reviewed by a cross-departmental team for accurate costing, congruence with City objectives and prioritized using a set of predetermined criteria. Financing sources are then sought for the highest-ranking projects. The teams involved in this process include the CIP Technology Review Team and the CIP Construction Review Team. The CIP Technology Review Team is made up of mid-level technology managers from various City departments. The CIP Construction Review Team is made up of mid-level Capital Project Management staff

with expertise in public building planning and construction, street improvements, stormwater management, landscaping, etc. The staff when developing their Program Operating Budget plans closely considers the operating impacts of current and proposed capital projects. Staff also considers City Council's Broad Goals and strategic directives as they develop program objectives and work plans for the budget period.

Later in the fall after the CIP is underway, the City staff updates their proposed performance measurements. The performance measurements are developed to measure results and ensure accountability, which enable managers and policy makers to evaluate progress towards stated goals and objectives. The staff also prepares their proposed Program Operating Budgets at this time, using a zero-based program budget approach, which requires that the budget prepared solely at the existing service operating levels – no modifications are permitted at this stage of the budget development. The departmental staff is also asked to evaluate their programs and/or positions for possible trade-offs, reductions or eliminations, or service level changes to offset inflation, contractual, compensation, and benefit cost increases.

Under the City's zero-based program budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff, and program trade-offs resulting in service level reductions/increases must be submitted to the Budget Office in an Evaluation Decision Package. An Evaluation Decision Package provides extensive analysis and justification for the department's request and is reviewed by the City Manager during the budget development and prioritization process. In the later stages of the City's budget development process, Evaluation Decision Packages are considered and balanced among numerous competing demands within the City's available, ongoing resources. When funding needs exceed the City's funding limits, remedies may be one or more of the following: reduce base budget, identify new revenues, employ process management tools, and/or form partnerships with other City programs or non-profit organizations.

### **City Management Review and Modification Phase**

In the early winter, the Department submit their proposed Program Operating Budget and Capital Project Budget requests to the Budget Office. The Budget Director and Budget Analysts compile the information and provide the first review of the material. The initial multi-faceted review focuses on: ascertaining the departments

complied with the Budget Office's budget instructions, reviewing the mathematical accuracy and logic of the departmental base budget and capital project requests, and any Evaluation Decision Packages. The review also includes a broader assessment of whether the departmental budget proposals address City Council's Broad Goals, strategic directives, and program service needs while maintaining a citywide perspective ensuring the fiscal integrity of the City (not exceeding our forecasted resources/limits).

The Deputy/Assistant City Managers, City Manager, CFO, Budget Director and Budget staff collaborate on the development of a recommended Five-Year Financial Plan and proposed budget for each fund and submit to the City Council for review and adoption. As noted above, the City Council Budget Subcommittee also reviews the proposed multi-year revenue forecasts for reasonableness and the expenditure budgets for efficiencies and alignment with community needs and expectations.

### **City Council Review and Adoption Phase**

In the early spring, the City Manager and CFO present a proposed financial plan —operating and capital — to the City Council for consideration and adoption. The City Council Budget Subcommittee presents their findings to the full City Council in early May, before the first public budget hearing. The budget is also communicated to the general public in a summary format using a newspaper insert, handouts, televised public City Council meetings, Internet and/or a combination of these formats.

A series of statutorily required public budget hearings and Council work-study sessions are held and the City Council adopts the budget and tax levy consistent with the City Charter and State law. Per State statute, the City Council must have Tentative Adoption of the proposed budget, on or before the second public budget hearing, which is usually held in mid-May. Tentative Adoption sets the legal maximum expenditure (i.e., appropriation) limit for the coming fiscal year budget. Under the City's Charter, the Final Adoption of the budget must occur at the first Regular City Council meeting in June.

In late March, the City Council Budget Subcommittee holds public budget work sessions to review each department's budget and the City multi-year Financial Plan. This review is detailed in nature and focuses on how the department's program budgets address the articulated priorities of the public and City Council's Broad Goals.

The full City Council considers the proposed budget and holds work-study sessions and public budget hearings in April through June. The sessions provide an

opportunity for City management, departments, and the general public to offer information and recommendations to the City Council.

Per the City Charter, final adoption of the budget must take place at the first regular City Council meeting in June. State law requires the budget to be all-inclusive, which means if an item is not budgeted (i.e. does not have an appropriation), it cannot be legally expended during the fiscal year. Therefore, the budget must include sufficient appropriation provisions for contingent revenues (e.g., possible future grants) and expenditures that cannot be accurately determined when the budget is adopted. The ordinance adopting the annual budget currently requires City Council authorization for expenditures from Operating Contingency/Reserves.

### **Implementing, Monitoring, and Amending the Budget Phase**

In July, the City staff begins the process of implementing the newly adopted budget and is accountable for budgetary control throughout the fiscal year. Revenue and expenditure patterns are examined, compared to budget plans, and corrective action, if necessary, is taken during the fiscal year. Members of the Financial Services staff meet every month to review current demographic, economic and financial trends, which may impact the City, and to plan strategy to ensure the City's fiscal integrity. City management and City Council are also provided monthly Economic Update Reports disclosing actual revenue, expenditure, and fund balance performance as compared to the budget plan.

Upon the final adoption of the budget, staff implements the Program Operating Budget and the Capital Improvement Plan, incorporating all changes from the Tentative Budget proposal. The final Program Operating Budget and Capital Improvement Plan are typically published no later than the end of July.

Scottsdale's programs and activities are periodically reviewed to determine if they are achieving City Council's Broad Goals, accomplishing strategic objectives and making efficient use of limited resources. City values of "plan and innovate for the future" and "focus on quality customer service" along with City Manager directed studies of several service and program areas during the next budget year help communicate this expectation. The Financial Services Budget staff, senior management, and the Internal Audit staff all provide assistance to staff in their review of programs.

Every City service or program is expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed and reviewed on a

periodic basis by program managers. Scottsdale's culture, along with the City value of "listen, communicate, and take action" stresses open communication and stakeholder involvement determining satisfaction with programs and services and in identifying areas needing added attention.

Monitoring of the City's ongoing financial performance is required of all program managers on a monthly basis. Written budget to actual expenditure variance reports must be submitted monthly by all City departments that have variances exceeding pre-determined variance ranges as established by the Budget Office. Additionally, the departments must explain in writing to the Budget Office any impact of a variance on the projected year-end budget saving and fund balanced budget.

The City of Scottsdale Budget is adopted at a department level and the Capital Improvement Plan is adopted at a project level. Per the City's Administrative Regulations, all proposed budget transfers from non-salary accounts between City departments, programs or capital projects require the written approval of the department General Manager, the requestor, and the Budget Director. If approved, the transfer is input into the budget system by the Financial Services Systems Integrator staff.

Per the City's Administrative Regulations, all proposed budget transfers from a salary account between City departments; programs or capital projects require the written approval of the department General Manager, the requestor, the Budget Director and the City Manager. If approved, the transfer is input into the budget system by the Financial Services Systems Integrator staff.

In addition, budget changes for capital projects funded by bonds require review by the Citizen Bond Review Commission and approval by the City Council. All requests for adjustment require written justification and an explanation of the fiscal impact, which is reviewed by the Financial Services staff prior to written approval.

All amendments to the budget that require a transfer from the Contingency/Reserve Funds require the prior approval of City Council at a public meeting.

### **Use of Contingency/Reserve Funds**

The Contingency/Reserve Fund is strictly defined in the City's financial policies adopted by City Council annually and used when additional funds are necessary to offset events such as: unexpected revenue shortfalls or expenditure increases so that budgeted citizen service measures can be maintained; unanticipated grants are received; and when unanticipated and/or inadequately budgeted events threaten the public health or safety. Use of Contingency/Reserve Funds are to be utilized

only after all budget sources have been examined for available funds. All Contingency/Reserve Fund requests require justification and an explanation of the fiscal impact, which is reviewed and approved in writing by the Budget Director, Chief Financial Officer, the applicable service area Deputy/Assistant Manager, and City Manager before being presented to City Council for consideration and approval.

### Budgetary and Accounting Basis

Scottsdale's budget process is based upon accounting for certain transactions on a budgetary basis, which is a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary and GAAP basis are:

- Certain revenues, expenditures, and transfers are not included on the budget basis, but are accrued and reported on the GAAP basis. For example, increases or decreases in compensated absences are not reported for budget basis purposes, but are presented as revenues or expenditures on the GAAP basis.

- Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charges to the Enterprise Funds are accounted for as transfers in or out on the budgetary basis, but are recorded as revenues or expenses on the GAAP basis.

- Capital outlays in the Enterprise Funds are presented as expenses for budget basis, but are recorded as assets along with associated depreciation expenses on the GAAP basis.

- Debt service principal payments in the Enterprise Funds are accounted for as expenses for budget purposes, but are reported as reductions of long-term debt liability on the GAAP basis.

- Certain debt service principal and interest payments are accounted for as expenses in the General Fund for budget basis purposes, but are reported as expenses in the Debt Service Fund on the GAAP basis.

All actual amounts in the budget document are shown on the budgetary basis to facilitate meaningful comparisons. Budgeted funds include the General, Special Revenue, Debt Service, Enterprise, Internal Service, Trust, and Capital Improvement Plan.

### Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2004/05 is comprised of three volumes:

*Volume One* includes the City Council's Mission Statement and Broad Goals, City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2004/05 through FY 2008/09 and forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

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*Volume Three* includes the Capital Project Budget and Five-Year Capital Improvement Plan with more detailed information for each project. Projects accounted for in Enterprise Funds are also included in the Capital Project Budget. Capital Project Budget funding sources are matched with budgeted expenditures. All future year operating impacts are noted in the Capital Budget and included in the Five-Year Financial Plan.

Expenditures for the Five-Year Capital Improvement Plan are presented on a budget basis. Governmental accounting procedures require adequate budget to pay for an entire contract to be available and appropriated in the period in which a contract is entered; therefore, expenditures are presented on a budget basis as opposed to cash flow basis. For example, a 180 day construction contract entered into in May of fiscal year one would have cash expenditures from May of fiscal year one through October of fiscal year two, however, the entire budget for this contract must be appropriated in fiscal year one, the year in which the contract was entered; any unspent funds at fiscal year-end are carried forward and budgeted again in year two.

Funding sources for the Five-Year Capital Improvement Plan are presented on budget basis except for transfers-in from the Program Operating Budget, which are presented on a cash basis. These revenue sources are presented in the period that the funding will be transferred in order to provide continuity between the Program Operating Budget and the Capital Improvement Plan. As a result of presenting the transfers on the cash basis, funding sources do not equal budgeted expenditures in each period, creating a fund balance as cash accumulates for larger expenditures in later years. For further explanation of capital project funding sources and expenditures, refer to the Capital Improvement Plan section, and the Fund Summaries and Five-Year Plan section of this Volume.

## City of Scottsdale's Comprehensive Financial Policies

The following City financial policies adopted by the City Council establish the framework for Scottsdale's overall fiscal planning and management. They set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. Scottsdale's publicly adopted financial policies show the credit rating industry and prospective investors (bond buyers) the City's commitment to sound financial management and fiscal integrity. The financial policies also improve the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can lead to improvement in City bond ratings and lower cost of capital. The City is in compliance with the comprehensive financial policies adopted with this budget.

### Operating Management Policies

1. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements. In order to ensure compliance with policy, sunset provisions will be required on all grant program initiatives and incorporated into other service plans, as appropriate.
2. The budget process is intended to weigh all competing requests for City resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.
3. Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and modified zero-base expenditure analysis that requires every program to be justified annually in terms of meeting intended objectives ("effectiveness criteria") and in terms of value received for dollars allocated ("efficiency criteria"). The process will include a diligent review of programs by staff, management, citizens and City Council.
4. A Citizen Budget Committee will be created annually at the very beginning of the budget development process to serve in an advisory capacity in reviewing operating and capital budget recommendations from a departmental, program, and goals perspective. Specific roles of the Committee, and its composition, will be determined by the City Council.
5. Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP). All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.
6. Current revenues will fund current expenditures and a diversified and stable revenue system will be developed to protect programs from short-term fluctuations in any single revenue source.
7. Addition of personnel will only be requested to meet program initiatives and policy directives, after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
8. Enterprise (Water, Sewer, Solid Waste Management, and Airport) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service and be approved by the City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents. Rate adjustments for enterprise operations will be based on five-year fund plans.
9. All non-enterprise user fees and charges will be examined annually to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.
10. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed annually to ensure that fees recover all direct and indirect development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents.

11. Capital equipment replacement will be accomplished through the use of a "rental" rate structure. The rates will be revised annually to ensure that charges to operating departments are sufficient for operation and replacement of vehicles and other capital equipment (fleet, computers, phones and copier systems). Replacement costs will be based upon equipment lifecycle financial analysis.
12. Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered during the budget process.
13. Balanced revenue and expenditure forecasts will be prepared to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated annually, focus on a three-year horizon, but include a five-year outlook.
14. Alternative means of service delivery will be evaluated to ensure that quality services are provided to our citizens at the most competitive and economical cost. Departments, in cooperation with the City Manager, will identify all activities that could be provided by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed annually or on an "opportunity" basis.
15. Cash and Investment programs will be maintained in accordance with the City Charter and the adopted investment policy and will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
16. The City will follow an aggressive, consistent, but sensitive to the circumstances policy of collecting revenues to the limit of our ability. Collection policy goal will be for all adjusted uncollectible accounts to be no more than .5 of 1% of the total City revenue being adjusted for bad debts annually.

**Capital Management Policies**

17. A five-year Capital Improvement Plan will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction which results in a capitalized asset costing more than \$25,000 and having a useful (depreciable life) of two years or more.
18. The capital improvement plan will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.
19. Proposed capital projects will be reviewed and prioritized by a cross-departmental team regarding accurate costing (design, capital, and operating) and overall consistency with the City's goals and objectives. Financing sources will then be identified for the highest ranking projects.
20. Capital improvement lifecycle costs will be coordinated with the development of the Operating Budget. Future operating, maintenance and replacement costs associated with new capital improvements will be forecast, matched to available revenue sources and included in the Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.
21. Dedicated two tenths of percent (.2%) privilege tax revenue for transportation improvements will be restricted to funding the planning, design, construction and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, transit and aviation and transportation improvement operating costs
22. Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 25 percent of all capital improvement projects for each five-year planning period. Pay-as-you-go financing is defined as all sources of revenue other than City debt issuance, i.e., fund balance contributions, developer contributions, grants, endowments, etc.

23. Pay-as-you-go contributions up to 10% or \$500,000, whichever is less, may be authorized by City Council towards any single utility undergrounding improvement district. Any unused annual budget authorization may carryforward towards a maximum \$2 million appropriation for utility undergrounding capital projects that benefit the community as a whole.

### Debt Management Policies

24. The City will seek to maintain and, if possible, improve our current bond rating in order to minimize borrowing costs and preserve access to credit.
25. An analysis showing how the new issue combined with current debt impacts the City's debt capacity and conformance with City debt policies will accompany every future bond issue proposal.
26. The City will communicate, and, where appropriate, coordinate with all jurisdictions with which we share a common tax base concerning our collective plans for future debt issues.
27. City Debt Service costs (GO, MPC, HURF, Revenue Bond, Mountain Preservation and Contractual Debt) should not exceed 25% of the City's operating revenue in order to control fixed costs and ensure expenditure flexibility. Improvement District (ID) and Community Facility District (CFD) debt service is not included in this calculation because it is paid by district property owners and is not an obligation of the general citizenry. Separate criteria have been established regarding ID and CFD debt policies.
28. General Obligation debt, which is supported by property tax revenues and grows in proportion to the City's assessed valuation and/or property tax rate increases, will be utilized as authorized by voters. Other types of voter-approved debt (e.g., water, sewer, and HURF) may also be utilized when they are supported by dedicated revenue sources (e.g., fees and user charges).
29. General Obligation debt issuances will be managed on an annual basis to match funds to Capital Improvement Plan cashflow requirements while being sensitive to the property tax burden on citizens. Careful management of bond issuances will allow the City to not exceed \$1.50 property tax per \$100 assessed value.
30. Municipal Property Corporation and contractual debt, which is non-voter approved, will be utilized only when a dedicated revenue source (e.g., golf course revenue, bed tax) can be identified to pay debt service expenses. The following considerations will be made to the question of pledging of project (facility) revenues towards debt service requirements:
  - a. The project requires monies not available from other sources.
  - b. Matching fund monies are available which may be lost if not applied for in a timely manner.
  - c. Catastrophic conditions.
  - d. The project to be financed will generate net positive revenues (i.e., the additional tax revenues generated by the project will be greater than the debt service requirements). The net revenues should not simply be positive over the life of the bonds, but must be positive each year within a reasonably short period (e.g., by the third year of debt service payments).
31. McDowell Mountain Preservation debt service will be funded by the dedicated .2% privilege tax. The City's privilege tax to debt service goal will be at least 1.5:1 for senior lien debt to ensure the City's ability to pay for preserve debt from this elastic revenue source.
32. Improvement District (ID) and Community Facility District \*(CFD) Bonds shall be permitted only when there is a general City benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
  - a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by

the City. In addition, the City's cumulative improvement district debt will not exceed 5 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.

- b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. In addition, the City's cumulative facility district debt will not exceed 5 percent of the City's secondary assessed valuation. The landowner/developer shall also contribute \$.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
33. Debt financing should not exceed the useful life of the infrastructure improvement with the average (weighted) bond maturities at or below ten years.
34. A ratio of current assets to current liabilities of at least 2/1 will be maintained to ensure the City's ability to pay short-term obligations.
35. Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction of this plan.
36. Utility rates will be set, as a minimum, to ensure the ratio of revenue to debt service meets our bond indenture requirement of 1.2/1. The City goal will be to maintain a minimum ratio of utility revenue to debt service of 1.6/1 or greater, to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes, and to ensure a balanced pay-as-you-go Capital Improvement Plan.

### Reserve Policies

37. All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the City's balanced five year financial plan.
38. General Fund Stabilization Reserve of 10 percent of annual general governmental (General/HURF funds) operating expenditures will be maintained for unforeseen emergencies or catastrophic impacts to the City. Funds in excess of 10 percent, but not to exceed \$5 million, may be used for economic investment in the community when justified by the financial return to the City.
39. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, sufficient to pay the bonded indebtedness for General Obligation bond principal and interest. A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.
40. Water and Sewer Fund Reserves will be maintained to meet three objectives: 1) ensure adequate funding for operations; 2) to ensure infrastructure repair and replacement; and, 3) to provide working capital to provide level rate change for customers.
  - a. An Operating Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide sufficient expenditure flexibility during times of unusual weather resulting in variations in average consumption and associated operating expenses.
  - b. A Replacement and Extension Reserve will be maintained, per bond indenture requirements, to meet the minimum requirement of 2% of all tangible assets of the system to ensure replacement of water and sewer infrastructure.
  - c. In addition, Working Capital will be funded based upon a multi-year financial plan to provide adequate cash for water and sewer capital improvements and to level the impact of rate increases upon our customers.

41. Solid Waste Management Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with solid waste disposal. Costs may include site purchase, technology applications, or inter-governmental investment to maximize the value of waste disposal activities.
42. Aviation Fund Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with airport operations. Costs may include site purchase, technology applications, or inter-governmental investment to maximize the value of airport activities.
43. Self-Insurance Reserves will be maintained at a level, which, together with purchased insurance policies, will adequately indemnify the City's property, liability, and health benefit risk. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels, which will be approved by Council.
44. Fleet Management Reserve will be maintained based upon lifecycle replacement plans to ensure adequate fund balance required for systematic replacement of fleet vehicles and operational contingencies. Operating departments will be charged for fleet operating costs per vehicle class and replacement costs spread over the useful life of the vehicles.
45. Contingency Reserves to be determined annually will be maintained to offset unanticipated revenue shortfalls and/or unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds, and subject to City Council approval.

## Financial Reporting Policies

46. The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
47. An annual audit will be performed by an independent public accounting firm, with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR).
48. The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference.
49. The City's CAFR will also be submitted to the National Federation of Municipal Analysts (NFMA) Awards Program and to national repositories identified by the NFMA as a continuing commitment to disclose thoroughness to enable investors to make informed decisions.
50. The City's Budget will be submitted to the GFOA Distinguished Budget Presentation Program. The budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units and as a communications device for all significant budgetary issues, trends and resource choices.
51. Financial systems will maintain internal controls to monitor revenues, expenditures, and program performance on an ongoing basis.



A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Internal Service Funds** are used to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

- **Bond Funds** – are used to account for bond proceeds to be used only for approved bond projects.
- **Transportation Privilege Tax Capital Fund** – are used to account solely for transportation projects.
- **Grant Capital Funds** – are used to account for the proceeds of capital grants.
- **Enterprise Capital Funds** – are used to account for utility rates and development fees for specific projects.
- **Unrestricted General Capital Fund** – are used to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

- The following section presents several
- schedules detailing the City of Scottsdale's
- Budget by Fund and includes Fund Summaries
- and the Five-Year Financial Plan for each of the
- City's funds.

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries General Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
<b>Beginning Fund Balance:</b>				
General Fund Reserve	19,456,791	20,476,049	20,476,049	22,512,108
Economic Investment	5,000,000	4,220,550	4,220,550	1,819,205
Operating Contingency	2,822,626	1,700,000	2,500,000	2,300,000
PY Open Purchase Orders	-	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	3,316,687	1,756,774	1,691,732	13,579,916
<b>Total Beginning Fund Balance</b>	<b>30,596,104</b>	<b>32,553,373</b>	<b>33,288,331</b>	<b>44,611,229</b>
<b>Revenues:</b>				
Taxes - Local				
Privilege Tax	79,703,549	77,377,547	82,209,405	84,821,709
Property Tax	15,552,166	16,572,708	16,572,708	17,630,083
Transient Occupancy Tax	6,688,189	6,600,000	6,600,000	6,732,000
Light & Power Franchise	5,146,431	5,464,150	5,114,150	5,216,433
Cable TV	2,439,791	2,300,000	2,600,000	2,600,000
Salt River Project Lieu Tax	197,263	202,864	202,864	202,864
Fire Insurance Premium	413,773	334,750	425,000	500,666
Taxes - From Other Agencies				
State Shared Sales Tax	15,853,113	15,414,564	16,214,564	16,538,855
State Revenue Sharing	21,574,128	18,016,757	18,016,757	18,016,757
Auto Lieu Tax	7,984,078	6,940,606	7,690,606	7,844,418
Licenses, Permits & Fees			-	
Development Permits & Fees	15,423,728	13,500,000	15,000,000	14,250,000
Business Licenses & Fees	1,816,248	1,756,408	1,756,408	1,826,664
Recreation Fees	2,205,283	2,183,009	2,183,009	2,237,584
WestWorld	1,541,298	1,493,500	1,493,500	1,587,537
Fines & Forfeitures				
Court Fines	4,150,871	3,713,666	3,375,916	3,916,833
Parking Fines	213,614	142,093	121,793	209,015
Photo Radar Revenue	764,760	1,079,896	937,946	1,117,908
Library Fines	404,760	454,573	404,573	404,573
Interest Earnings/Property Rental				
Interest Earnings	1,655,503	750,000	1,500,000	1,575,000
Property Rental	2,529,464	3,280,000	3,000,000	3,370,000
Other Revenue				
Miscellaneous	1,866,763	1,500,000	1,400,000	1,200,000
TSA/CSA Revenue	-	-	-	1,321,489
<b>Subtotal</b>	<b>188,124,773</b>	<b>179,077,090</b>	<b>186,819,199</b>	<b>193,120,389</b>
<b>Transfers In</b>				
Fleet Management Fund	500,000	-	-	-
Enterprise Fund - Strmwtr Wtr Quality Chrg	-	-	-	612,000
Special Programs Fund (McCormick)	357,260	356,660	356,660	-
Spec Rev - Public Safety Sales Tax (.10%)	-	-	-	3,500,000
In Lieu Prop Tax	2,302,553	2,520,215	2,520,215	2,517,313
Indirect Cost Allocation	8,045,269	8,728,540	8,728,540	8,635,220
Franchise Fee	4,839,604	4,992,003	4,992,003	5,182,326
Aviation Fund - CIP Advances/Security	-	-	259,051	63,587
Water Fund - Security Contract	-	-	-	194,232
Solid Waste Fund - Dntwn Maint Pilot Prog	-	-	-	371,948
<b>Subtotal</b>	<b>16,044,686</b>	<b>16,597,418</b>	<b>16,856,469</b>	<b>21,076,626</b>
<b>Total Revenues &amp; Transfers In</b>	<b>204,169,459</b>	<b>195,674,509</b>	<b>203,675,668</b>	<b>214,197,015</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
General Government				
Mayor & City Council	612,156	734,937	729,661	795,237
City Clerk	632,315	648,932	648,932	669,981
Elections	155,681	279,847	279,847	2,130
City Attorney	4,394,316	4,615,816	4,615,816	5,001,855
City Auditor	642,892	657,261	657,261	680,443

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries General Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<i>City Court</i>	3,780,048	3,779,983	3,779,983	3,958,561
<i>City Manager</i>	709,363	703,190	708,466	767,093
<i>CAPA</i>	1,209,719	1,384,005	1,384,005	1,320,512
<i>IGR</i>	416,283	447,910	447,910	714,783
<i>WestWorld</i>	1,900,213	2,173,217	2,173,217	2,271,167
<i>The Downtown Group</i>	-	-	58,257	3,920,422
<i>Preservation</i>	518,366	708,583	708,680	687,643
General Government Total	14,971,352	16,133,681	16,192,035	20,789,827
Police	51,171,225	54,467,836	54,623,347	57,319,129
Financial Services	7,630,558	7,487,934	7,474,034	7,713,754
Community Services	41,634,874	42,816,213	42,816,213	41,884,654
Information Systems	7,368,891	7,535,706	7,535,706	7,937,856
Fire	17,744,691	19,469,293	19,176,830	20,989,642
Municipal Services	385,331	540,252	540,252	553,273
Citizen & Neighborhood Resources	2,436,132	2,872,198	2,877,518	2,829,902
Human Resources	3,358,059	3,181,535	3,181,535	3,432,695
Economic Vitality	6,262,988	6,513,994	6,563,994	6,280,477
Planning & Development	11,546,365	12,563,814	12,563,717	12,815,207
<i>Estimated Department Expenditure Savings</i>	-	(500,000)	(500,000)	(500,000)
<i>Estimated Vacant Position Savings</i>	-	(500,000)	(1,467,000)	(500,000)
<i>Spec Rev - Public Safety Tax Uses (.10%)</i>	-	-	-	3,500,000
<i>Spec Rev - CIP Public Safety Tax Uses (.10%)</i>	-	-	-	-
<i>Estimated CIP Operating Impacts</i>	-	-	-	-
<b>Subtotal</b>	<b>164,510,466</b>	<b>172,582,456</b>	<b>171,578,181</b>	<b>185,046,416</b>
<b>Debt Service</b>				
MPC Bonds Trf Out	9,611,539	7,371,768	6,413,373	7,347,573
MPC - Hospitality Funds Trf Out	50,000	194,495	-	223,429
Nordstrom Garage Lease	1,612,119	2,160,372	1,890,703	2,115,546
Waterfront Project	-	-	90,450	241,200
Promenade Agreement	883,000	883,000	1,050,000	1,155,000
Hotel Valley Ho	-	-	25,000	210,000
Stacked 40	-	-	-	447,000
All Other Contracts Payable	572,166	872,166	372,166	374,216
<b>Subtotal</b>	<b>12,728,824</b>	<b>11,481,801</b>	<b>9,841,692</b>	<b>12,113,964</b>
<b>Total Operating Budget</b>	<b>177,239,290</b>	<b>184,064,257</b>	<b>181,419,873</b>	<b>197,160,380</b>
<b>Transfers Out</b>				
CIP - General Fund Maintenance	4,781,710	3,525,500	3,525,500	3,702,900
CIP - General Fund - Public Safety	-	-	-	5,800,000
CIP - General Fund - All Other	8,098,600	3,299,800	3,299,800	3,000,000
Other Transfers	141,172	-	-	-
Special Revenue - Preservation Rehab Fund	-	-	-	10,000
Highway User Revenue Fund	10,554,202	3,175,625	3,045,235	3,596,369
Self Insurance Fund	-	750,000	750,000	600,000
Aviation Fund - Jet Fuel Tax	-	-	212,362	106,181
Special Prog Fund - Affdbl Housing Grant Match	100,000	100,000	100,000	100,000
<b>Total Transfers Out</b>	<b>23,675,684</b>	<b>10,850,925</b>	<b>10,932,897</b>	<b>16,915,450</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>200,914,974</b>	<b>194,915,182</b>	<b>192,352,770</b>	<b>214,075,830</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>3,254,485</b>	<b>759,327</b>	<b>11,322,898</b>	<b>121,185</b>
<b>Ending Fund Balance</b>				
General Fund Reserve	20,225,267	20,803,313	22,512,108	24,201,102
Economic Investment	4,220,550	4,019,205	1,819,205	1,014,884
Operating Contingency	2,500,000	2,500,000	2,300,000	2,500,000
Open Purchase Order Reserve	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	2,504,772	1,590,181	13,579,916	12,616,427
<b>Total Ending Fund Balance</b>	<b>33,850,589</b>	<b>33,312,700</b>	<b>44,611,229</b>	<b>44,732,414</b>

# FIVE-YEAR FINANCIAL PLAN

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Five Year Financial Plan General Fund

	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
<b>Beginning Fund Balance:</b>					
General Fund Reserve	22,512,108	24,201,102	24,937,794	25,823,661	26,651,639
Economic Investment	1,819,205	1,014,884	1,514,884	855,197	855,197
Operating Contingency	2,300,000	2,500,000	2,500,000	2,500,000	2,500,000
PY Open Purchase Orders	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	13,579,916	12,616,427	11,433,933	7,963,387	4,630,232
<b>Total Beginning Fund Balance</b>	<b>44,611,229</b>	<b>44,732,414</b>	<b>44,786,610</b>	<b>41,542,246</b>	<b>39,037,069</b>
<b>Revenues:</b>					
Taxes - Local					
Privilege Tax	84,821,709	87,502,110	90,558,565	93,704,139	96,542,048
Property Tax	17,630,083	18,674,566	19,784,981	20,762,840	21,789,028
Transient Occupancy Tax	6,732,000	6,933,960	7,141,979	7,356,238	7,576,925
Light & Power Franchise	5,216,433	5,372,926	5,534,114	5,700,137	5,871,141
Cable TV	2,600,000	2,652,000	2,705,040	2,759,141	2,814,324
Salt River Project Lieu Tax	202,864	202,864	202,864	202,864	202,864
Fire Insurance Premium	500,666	550,732	1,724,972	1,880,220	2,049,440
Taxes - From Other Agencies					
State Shared Sales Tax	16,538,855	16,869,632	16,493,025	16,822,886	17,159,343
State Revenue Sharing	18,016,757	18,196,925	17,392,894	17,566,823	17,742,491
Auto Lieu Tax	7,844,418	8,001,306	8,161,333	8,324,559	8,491,050
Licenses, Permits & Fees					
Development Permits & Fees	14,250,000	13,500,000	13,000,000	12,500,000	12,000,000
Business Licenses & Fees	1,826,664	1,899,730	1,975,720	2,054,748	2,136,938
Recreation Fees	2,237,584	2,282,336	2,327,983	2,374,542	2,422,033
WestWorld	1,587,537	1,603,412	1,619,446	1,635,641	1,651,997
Fines & Forfeitures					
Court Fines	3,916,833	3,995,170	4,075,073	4,156,575	4,239,706
Parking Fines	209,015	213,195	217,459	221,808	226,245
Photo Radar Revenue	1,117,908	1,117,908	1,129,087	1,140,378	1,151,782
Library Fines	404,573	404,573	404,573	404,573	404,573
Interest Earnings/Property Rental					
Interest Earnings	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
Property Rental	3,370,000	3,431,800	3,494,836	3,559,133	3,624,612
Other Revenue					
Miscellaneous	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
TSA/CSA Revenue	1,321,489	1,320,830	1,323,005	1,318,380	1,322,555
<b>Subtotal</b>	<b>193,120,389</b>	<b>197,500,977</b>	<b>202,041,949</b>	<b>207,220,624</b>	<b>212,194,096</b>
<b>Transfers In</b>					
Fleet Management Fund	-	-	-	-	-
Enterprise Fund - Strmwtr Wtr Quality Chrg	612,000	630,360	649,271	668,749	688,811
Special Programs Fund (McCormick)	-	-	-	-	-
Spec Rev - Public Safety Sales Tax (.10%)	3,500,000	3,635,000	4,108,150	4,101,345	5,115,481
In Lieu Prop Tax	2,517,313	2,665,589	2,919,707	3,109,488	3,311,605
Indirect Cost Allocation	8,635,220	8,721,572	8,808,788	8,896,876	8,985,845
Franchise Fee	5,182,326	5,312,990	5,461,614	5,674,616	5,895,926
Aviation Fund - CIP Advances/Security	63,587	65,177	66,806	68,476	70,188
Water Fund - Security Contract	194,232	199,088	204,065	209,167	214,396
Solid Waste Fund - Dntwn Maint Pilot Prog	371,948	-	-	-	-
<b>Subtotal</b>	<b>21,076,626</b>	<b>21,229,777</b>	<b>22,218,401</b>	<b>22,728,717</b>	<b>24,282,252</b>
<b>Total Revenues &amp; Transfers In</b>	<b>214,197,015</b>	<b>218,730,754</b>	<b>224,260,350</b>	<b>229,949,341</b>	<b>236,476,348</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
General Government					
Mayor & City Council	795,237	835,364	867,703	898,226	929,680
City Clerk	669,981	707,924	738,358	767,030	796,581
Elections	2,130	282,183	9,238	289,469	16,705
City Attorney	5,001,855	5,324,359	5,579,527	5,818,569	6,065,031
City Auditor	680,443	727,248	763,963	798,234	833,578

# FIVE-YEAR FINANCIAL PLAN

## Fund Summaries and Five-Year Plan

Proposed FY 2004/05 Budget Five Year Financial Plan General Fund					
	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
City Court	3,958,561	4,197,736	4,388,957	4,568,858	4,754,290
City Manager	767,093	816,423	859,265	899,330	940,644
CAPA	1,320,512	1,399,890	1,463,348	1,523,048	1,584,583
IGR	714,783	554,498	576,966	598,432	620,534
WestWorld	2,271,167	2,357,977	2,431,487	2,502,216	2,575,010
The Downtown Group	3,920,422	4,003,660	4,088,979	4,176,431	4,266,069
Preservation	687,643	722,731	751,786	779,506	808,051
General Government Total	20,789,827	21,929,993	22,519,576	23,619,348	24,190,756
Police	57,319,129	60,299,037	62,695,128	64,954,617	67,283,202
Financial Services	7,713,754	8,199,487	8,583,687	8,943,559	9,314,604
Community Services	41,884,654	43,452,914	45,133,436	46,739,001	48,392,206
Information Systems	7,937,856	8,408,788	8,784,459	9,137,574	9,501,565
Fire	20,989,642	21,873,019	22,722,512	23,578,450	24,461,310
Municipal Services	553,273	589,019	609,207	628,501	648,368
Citizen & Neighborhood Resources	2,829,902	2,991,098	3,120,453	3,242,334	3,367,948
Human Resources	3,432,695	3,632,759	3,793,029	3,943,934	4,099,469
Economic Vitality	6,280,477	6,469,270	6,649,885	6,831,168	7,017,230
Planning & Development	12,815,207	13,584,952	14,196,797	14,771,066	15,363,082
Estimated Department Expenditure Savings	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Estimated Vacant Position Savings	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Spec Rev - Public Safety Tax Uses (.10%)	3,500,000	3,605,000	3,713,150	3,824,545	3,939,281
Spec Rev - CIP Public Safety Tax Uses (.10%)	-	30,000	395,000	276,800	1,176,200
Estimated CIP Operating Impacts	-	1,226,100	2,192,400	3,980,400	5,196,200
<b>Subtotal</b>	<b>185,046,416</b>	<b>195,291,436</b>	<b>204,108,718</b>	<b>213,471,298</b>	<b>222,951,421</b>
<b>Debt Service</b>					
MPC Bonds Trf Out	7,347,573	3,267,046	3,262,421	5,414,091	5,239,411
MPC - Hospitality Funds Trf Out	223,429	221,688	219,788	222,413	219,913
Nordstrom Garage Lease	2,115,546	2,179,011	2,244,382	2,311,715	2,381,066
Waterfront Project	241,200	444,810	438,944	285,476	293,626
Promenade Agreement	1,155,000	748,353	-	-	-
Hotel Valley Ho	210,000	150,000	160,000	170,000	180,000
Stacked 40	447,000	787,500	827,000	868,000	912,000
All Other Contracts Payable	374,216	872,166	989,436	372,166	457,304
<b>Subtotal</b>	<b>12,113,964</b>	<b>8,670,574</b>	<b>8,141,971</b>	<b>9,643,861</b>	<b>9,683,320</b>
<b>Total Operating Budget</b>	<b>197,160,380</b>	<b>203,962,010</b>	<b>212,250,689</b>	<b>223,115,159</b>	<b>232,634,741</b>
<b>Transfers Out</b>					
CIP - General Fund Maintenance	3,702,900	3,856,500	4,181,700	4,828,900	3,196,300
CIP - General Fund - Public Safety	5,800,000	3,500,000	5,000,000	1,500,000	1,000,000
CIP - General Fund - All Other	3,000,000	3,000,000	2,000,000	2,000,000	2,000,000
Other Transfers	-	-	-	-	-
Special Revenue - Preservation Rehab Fund	10,000	10,000	10,000	10,000	10,000
Highway User Revenue Fund	3,596,369	3,541,866	3,456,144	194,279	115,281
Self Insurance Fund	600,000	600,000	400,000	600,000	600,000
Aviation Fund - Jet Fuel Tax	106,181	106,181	106,181	106,181	106,181
Special Prog Fund - Affdbl Housing Grant Match	100,000	100,000	100,000	100,000	100,000
<b>Total Transfers Out</b>	<b>16,915,450</b>	<b>14,714,547</b>	<b>15,254,025</b>	<b>9,339,360</b>	<b>7,127,762</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>214,075,830</b>	<b>218,676,557</b>	<b>227,504,714</b>	<b>232,454,518</b>	<b>239,762,502</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>121,185</b>	<b>54,197</b>	<b>(3,244,365)</b>	<b>(2,505,177)</b>	<b>(3,286,154)</b>
<b>Ending Fund Balance</b>					
General Fund Reserve	24,201,102	24,937,794	25,823,661	26,651,639	27,662,101
Economic Investment	1,014,884	1,514,884	855,197	855,197	855,197
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Open Purchase Order Reserve	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	12,616,427	11,433,933	7,963,387	4,630,232	333,616
<b>Total Ending Fund Balance</b>	<b>44,732,414</b>	<b>44,786,610</b>	<b>41,542,246</b>	<b>39,037,069</b>	<b>35,750,914</b>

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

Proposed FY 2004/05 Budget  
Fund Summaries  
Special Revenue - Highway User Revenue Fund (HURF)

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
Beginning Fund Balance	-	-	-	-
<b>Revenues:</b>				
Highway User Revenue Tax	13,136,860	13,511,606	13,511,606	13,916,954
Local Transportation Assistance Fund	1,146,323	1,146,323	1,146,323	1,146,323
<b>Subtotal</b>	<b>14,283,183</b>	<b>14,657,929</b>	<b>14,657,929</b>	<b>15,063,277</b>
<b>Transfers In</b>				
Transportation Sales Tax Fund (40%)	-	6,208,800	6,071,520	6,265,809
General Fund	10,803,496	3,175,625	3,045,235	3,596,369
<b>Subtotal</b>	<b>10,803,496</b>	<b>9,384,425</b>	<b>9,116,755</b>	<b>9,862,178</b>
<b>Total Revenues &amp; Transfers In</b>	<b>25,086,679</b>	<b>24,042,354</b>	<b>23,774,684</b>	<b>24,925,455</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
Transportation	10,858,049	10,143,267	9,915,146	10,261,984
Municipal Services	11,045,780	10,718,304	10,678,755	11,468,390
<b>Subtotal</b>	<b>21,903,829</b>	<b>20,861,571</b>	<b>20,593,901</b>	<b>21,730,374</b>
<b>Debt Service</b>				
Revenue Bonds	3,109,550	3,107,306	3,107,306	3,120,269
<b>Subtotal</b>	<b>3,109,550</b>	<b>3,107,306</b>	<b>3,107,306</b>	<b>3,120,269</b>
<b>Total Operating Budget</b>	<b>25,013,379</b>	<b>23,968,877</b>	<b>23,701,207</b>	<b>24,850,643</b>
<b>Transfers Out</b>				
CIP Fund (Tech. Replacement)	73,300	73,477	73,477	74,812
<b>Total Transfers Out</b>	<b>73,300</b>	<b>73,477</b>	<b>73,477</b>	<b>74,812</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>25,086,679</b>	<b>24,042,354</b>	<b>23,774,684</b>	<b>24,925,455</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Special Revenue - Highway User Revenue Fund (HURF)**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b><u>Source of Funds:</u></b>					
<b>Beginning Fund Balance</b>	-	-	-	-	-
<b>Revenues:</b>					
Highway User Revenue Tax	13,916,954	14,334,463	14,764,497	15,207,432	15,663,654
Local Transportation Assistance Fund	1,146,323	1,146,323	1,146,323	1,146,323	1,146,323
<b>Subtotal</b>	<b>15,063,277</b>	<b>15,480,786</b>	<b>15,910,820</b>	<b>16,353,755</b>	<b>16,809,977</b>
<b>Transfers In</b>					
Transportation Sales Tax Fund (40%)	6,265,809	6,466,315	6,692,636	6,926,878	7,134,684
General Fund	3,596,369	3,541,866	3,456,144	194,279	115,281
<b>Subtotal</b>	<b>9,862,178</b>	<b>10,008,181</b>	<b>10,148,779</b>	<b>7,121,156</b>	<b>7,249,965</b>
<b>Total Revenues &amp; Transfers In</b>	<b>24,925,455</b>	<b>25,488,966</b>	<b>26,059,599</b>	<b>23,474,911</b>	<b>24,059,942</b>
<b><u>Use of Funds:</u></b>					
<b>Departments</b>					
Transportation	10,261,984	10,518,534	10,781,497	11,051,034	11,327,310
Municipal Services	11,468,390	11,755,100	12,048,977	12,350,202	12,658,957
<b>Subtotal</b>	<b>21,730,374</b>	<b>22,273,633</b>	<b>22,830,474</b>	<b>23,401,236</b>	<b>23,986,267</b>
<b>Debt Service</b>					
Revenue Bonds	3,120,269	3,142,294	3,155,450	-	-
<b>Subtotal</b>	<b>3,120,269</b>	<b>3,142,294</b>	<b>3,155,450</b>	-	-
<b>Total Operating Budget</b>	<b>24,850,643</b>	<b>25,415,927</b>	<b>25,985,924</b>	<b>23,401,236</b>	<b>23,986,267</b>
<b>Transfers Out</b>					
CIP Fund (Tech. Replacement)	74,812	73,039	73,675	73,675	73,675
<b>Total Transfers Out</b>	<b>74,812</b>	<b>73,039</b>	<b>73,675</b>	<b>73,675</b>	<b>73,675</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>24,925,455</b>	<b>25,488,966</b>	<b>26,059,599</b>	<b>23,474,911</b>	<b>24,059,942</b>
<b>Revenue Over/(Under) Expenditures</b>	-	-	-	-	-
<b>Ending Fund Balance</b>	-	-	-	-	-

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Fund Summaries  
Special Revenue - Transportation Privilege Tax Fund (.2%)**

	<b>Actual 2002/03</b>	<b>Adopted 2003/04</b>	<b>Forecast 2003/04</b>	<b>Proposed 2004/05</b>
<b>Beginning Fund Balance</b>	-	-	-	-
<b>Revenues:</b>				
Privilege Tax (0.2%)	15,335,521	15,522,000	15,178,800	15,664,522
Interest Earnings	167,008	510,000	-	-
<b>Subtotal</b>	<b>15,502,529</b>	<b>16,032,000</b>	<b>15,178,800</b>	<b>15,664,522</b>
<b>Total Revenues</b>	<b>15,502,529</b>	<b>16,032,000</b>	<b>15,178,800</b>	<b>15,664,522</b>
<b><u>Use of Funds:</u></b>				
<b>Transfers Out</b>				
CIP Fund	15,502,529	9,823,200	9,107,280	9,398,713
Highway User Revenue Fund (40%)	-	6,208,800	6,071,520	6,265,809
<b>Total Transfers Out</b>	<b>15,502,529</b>	<b>16,032,000</b>	<b>15,178,800</b>	<b>15,664,522</b>
<b>Revenue Over/(Under) Expenditures</b>	-	-	-	-
<b>Ending Fund Balance</b>	-	-	-	-

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Special Revenue - Transportation Privilege Tax Fund (.2%)**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b>Beginning Fund Balance</b>	-	-	-	-	-
<b>Revenues:</b>					
Privilege Tax (0.2%)	15,664,522	16,165,786	16,731,589	17,317,194	17,836,710
Interest Earnings	-	-	-	-	-
<b>Subtotal</b>	<b>15,664,522</b>	<b>16,165,786</b>	<b>16,731,589</b>	<b>17,317,194</b>	<b>17,836,710</b>
<b>Total Revenues</b>	<b>15,664,522</b>	<b>16,165,786</b>	<b>16,731,589</b>	<b>17,317,194</b>	<b>17,836,710</b>
<b><u>Use of Funds:</u></b>					
<b>Transfers Out</b>					
CIP Fund	9,398,713	9,699,472	10,038,953	10,390,317	10,702,026
Highway User Revenue Fund (40%)	6,265,809	6,466,315	6,692,636	6,926,878	7,134,684
<b>Total Transfers Out</b>	<b>15,664,522</b>	<b>16,165,786</b>	<b>16,731,589</b>	<b>17,317,194</b>	<b>17,836,710</b>
<b>Revenue Over/(Under) Expenditures</b>	-	-	-	-	-
<b>Ending Fund Balance</b>	-	-	-	-	-

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Fund Summaries  
Special Revenue - 1995 Preservation Privilege Tax Fund (.2%)**

	<b>Actual 2002/03</b>	<b>Adopted 2003/04</b>	<b>Forecast 2003/04</b>	<b>Proposed 2004/05</b>
<b>Beginning Fund Balance</b>	<b>20,133,000</b>	<b>19,958,136</b>	<b>19,117,761</b>	<b>19,228,723</b>
<b>Revenues:</b>				
Privilege Tax (0.2%)	15,645,228	16,118,380	15,761,994	16,266,378
Interest Earnings	217,000	510,000	510,000	520,200
<b>Subtotal</b>	<b>15,862,228</b>	<b>16,628,380</b>	<b>16,271,994</b>	<b>16,786,578</b>
 <b>Total Revenues &amp; Transfers In</b>	 <b>15,862,228</b>	 <b>16,628,380</b>	 <b>16,271,994</b>	 <b>16,786,578</b>
<b><u>Use of Funds:</u></b>				
<b>Debt Service</b>				
Contractual Debt	956,214	956,583	956,583	955,115
<b>Subtotal</b>	<b>956,214</b>	<b>956,583</b>	<b>956,583</b>	<b>955,115</b>
 <b>Total Expenditures</b>	 <b>956,214</b>	 <b>956,583</b>	 <b>956,583</b>	 <b>955,115</b>
<b>Transfers Out</b>				
Debt Service Fund (Preserve GO Bonds)	15,920,876	16,401,210	9,222,115	13,113,344
Debt Service Fund (Preserve Revenue Bonds)	-	-	6,863,722	6,860,785
<b>Total Transfers Out</b>	<b>15,920,876</b>	<b>16,401,210</b>	<b>16,085,837</b>	<b>19,974,129</b>
 <b>Total Expenditures &amp; Transfers Out</b>	 <b>16,877,090</b>	 <b>17,357,793</b>	 <b>17,042,420</b>	 <b>20,929,244</b>
 <b>Revenue Over/(Under) Expenditures</b>	 <b>(1,014,862)</b>	 <b>(729,413)</b>	 <b>(770,426)</b>	 <b>(4,142,666)</b>
 <b>Ending Fund Balance</b>	 <b>19,118,138</b>	 <b>19,228,723</b>	 <b>18,347,335</b>	 <b>15,086,057</b>

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Special Revenue - 1995 Preservation Privilege Tax Fund (.2%)**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b>Beginning Fund Balance</b>	<b>19,228,723</b>	<b>15,086,057</b>	<b>11,470,420</b>	<b>7,463,359</b>	<b>7,041,001</b>
<b>Revenues:</b>					
Privilege Tax (0.2%)	16,266,378	16,786,902	17,374,443	17,982,549	18,522,025
Interest Earnings	520,200	533,205	549,201	565,677	582,648
<b>Subtotal</b>	<b>16,786,578</b>	<b>17,320,107</b>	<b>17,923,645</b>	<b>18,548,226</b>	<b>19,104,673</b>
 <b>Total Revenues &amp; Transfers In</b>	 <b>16,786,578</b>	 <b>17,320,107</b>	 <b>17,923,645</b>	 <b>18,548,226</b>	 <b>19,104,673</b>
<b><u>Use of Funds:</u></b>					
<b>Debt Service</b>					
Contractual Debt	955,115	951,765	952,290	955,780	952,480
<b>Subtotal</b>	<b>955,115</b>	<b>951,765</b>	<b>952,290</b>	<b>955,780</b>	<b>952,480</b>
 <b>Total Expenditures</b>	 <b>955,115</b>	 <b>951,765</b>	 <b>952,290</b>	 <b>955,780</b>	 <b>952,480</b>
<b>Transfers Out</b>					
Debt Service Fund (Preserve GO Bonds)	13,113,344	13,143,607	14,140,369	11,194,282	11,161,407
Debt Service Fund (Preserve Revenue Bonds)	6,860,785	6,840,372	6,838,047	6,820,522	6,800,422
<b>Total Transfers Out</b>	<b>19,974,129</b>	<b>19,983,979</b>	<b>20,978,416</b>	<b>18,014,804</b>	<b>17,961,829</b>
 <b>Total Expenditures &amp; Transfers Out</b>	 <b>20,929,244</b>	 <b>20,935,744</b>	 <b>21,930,706</b>	 <b>18,970,584</b>	 <b>18,914,309</b>
 <b>Revenue Over/(Under) Expenditures</b>	 <b>(4,142,666)</b>	 <b>(3,615,637)</b>	 <b>(4,007,061)</b>	 <b>(422,358)</b>	 <b>190,364</b>
 <b>Ending Fund Balance</b>	 <b>15,086,057</b>	 <b>11,470,420</b>	 <b>7,463,359</b>	 <b>7,041,001</b>	 <b>7,231,365</b>

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

Proposed FY 2004/05 Budget  
Fund Summaries  
Special Revenue - 2004 Preservation Privilege Tax Fund (.15%)

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
Beginning Fund Balance	-	-	-	-
Revenues:				
Privilege Tax (0.15%)	-	-	-	11,662,984
<b>Subtotal</b>	-	-	-	<b>11,662,984</b>
Transfers In				
<b>Total Revenues &amp; Transfers In</b>	-	-	-	<b>11,662,984</b>
<u>Use of Funds:</u>				
Debt Service				
Contractual Debt	-	-	-	-
<b>Subtotal</b>	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
Transfers Out				
<b>Total Transfers Out</b>	-	-	-	-
<b>Total Expenditures &amp; Transfers Out</b>	-	-	-	-
<b>Revenue Over/(Under) Expenditures</b>	-	-	-	<b>11,662,984</b>
Ending Fund Balance	-	-	-	<b>11,662,984</b>

# FIVE-YEAR FINANCIAL PLAN

## *Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Special Revenue - 2004 Preservation Privilege Tax Fund (.15%)**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b>Beginning Fund Balance</b>	-	11,662,984	24,793,385	38,383,349	52,448,962
<b>Revenues:</b>					
Privilege Tax (0.15%)	11,662,984	13,130,400	13,589,964	14,065,613	14,487,581
<b>Subtotal</b>	<b>11,662,984</b>	<b>13,130,400</b>	<b>13,589,964</b>	<b>14,065,613</b>	<b>14,487,581</b>
<b>Transfers In</b>					
<b>Total Revenues &amp; Transfers In</b>	<b>11,662,984</b>	<b>13,130,400</b>	<b>13,589,964</b>	<b>14,065,613</b>	<b>14,487,581</b>
<b><u>Use of Funds:</u></b>					
<b>Debt Service</b>					
Contractual Debt	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers Out</b>					
<b>Total Transfers Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>11,662,984</b>	<b>13,130,400</b>	<b>13,589,964</b>	<b>14,065,613</b>	<b>14,487,581</b>
<b>Ending Fund Balance</b>	<b>11,662,984</b>	<b>24,793,385</b>	<b>38,383,349</b>	<b>52,448,962</b>	<b>66,936,543</b>

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

Proposed FY 2004/05 Budget  
Fund Summaries  
Special Revenue - Public Safety Privilege Tax (.10%)

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Beginning Fund Balance</b>	-	-	-	-
<b>Revenues:</b>				
Privilege Tax (0.10%)	-	-	-	7,775,323
Interest Earnings	-	-	-	75,000
<b>Subtotal</b>	-	-	-	<b>7,850,323</b>
 <b>Total Revenues &amp; Transfers In</b>	-	-	-	<b>7,850,323</b>
 <b><u>Use of Funds:</u></b>				
<b>Debt Service</b>				
Contractual Debt	-	-	-	-
<b>Subtotal</b>	-	-	-	-
 <b>Total Expenditures</b>	-	-	-	-
 <b>Transfers Out</b>				
General Fund	-	-	-	3,500,000
<b>Total Transfers Out</b>	-	-	-	<b>3,500,000</b>
 <b>Total Expenditures &amp; Transfers Out</b>	-	-	-	<b>3,500,000</b>
 <b>Revenue Over/(Under) Expenditures</b>	-	-	-	<b>4,350,323</b>
 <b>Ending Fund Balance</b>	-	-	-	<b>4,350,323</b>

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Special Revenue - Public Safety Privilege Tax (.10%)**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b>Beginning Fund Balance</b>	-	4,350,323	9,543,923	14,570,750	19,921,481
<b>Revenues:</b>					
Privilege Tax (0.10%)	7,775,323	8,753,600	9,059,976	9,377,076	9,658,388
Interest Earnings	75,000	75,000	75,000	75,000	75,000
<b>Subtotal</b>	<b>7,850,323</b>	<b>8,828,600</b>	<b>9,134,976</b>	<b>9,452,076</b>	<b>9,733,388</b>
 <b>Total Revenues &amp; Transfers In</b>	 <b>7,850,323</b>	 <b>8,828,600</b>	 <b>9,134,976</b>	 <b>9,452,076</b>	 <b>9,733,388</b>
 <b><u>Use of Funds:</u></b>					
<b>Debt Service</b>					
Contractual Debt	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-
 <b>Total Expenditures</b>	-	-	-	-	-
 <b>Transfers Out</b>					
General Fund	3,500,000	3,635,000	4,108,150	4,101,345	5,115,481
<b>Total Transfers Out</b>	<b>3,500,000</b>	<b>3,635,000</b>	<b>4,108,150</b>	<b>4,101,345</b>	<b>5,115,481</b>
 <b>Total Expenditures &amp; Transfers Out</b>	 <b>3,500,000</b>	 <b>3,635,000</b>	 <b>4,108,150</b>	 <b>4,101,345</b>	 <b>5,115,481</b>
 <b>Revenue Over/(Under) Expenditures</b>	 <b>4,350,323</b>	 <b>5,193,600</b>	 <b>5,026,826</b>	 <b>5,350,731</b>	 <b>4,617,907</b>
 <b>Ending Fund Balance</b>	 <b>4,350,323</b>	 <b>9,543,923</b>	 <b>14,570,750</b>	 <b>19,921,481</b>	 <b>24,539,388</b>

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries Special Revenue - Special Programs Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
<b>Beginning Fund Balance/Reserve</b>				
Operating Contingency	-	-	250,000	250,000
Reserved	2,550,441	2,200,606	3,918,144	3,095,234
<b>Total Beginning Fund Balance</b>	<b>2,550,441</b>	<b>2,200,606</b>	<b>3,918,144</b>	<b>3,095,234</b>
<b>Revenues:</b>				
Misc Court Revenue	590,999	574,446	635,617	643,562
Misc Human Resources	-	-	-	7,200
Misc Police Revenue	326,201	344,186	344,186	374,785
Misc Community Services Revenue	2,025,556	1,553,000	1,553,000	1,357,237
Misc Citizen and Neighborhood Revenue	903	68,801	68,801	19,692
Misc Planning & Dev. Revenue	20,475	20,000	20,000	20,608
<b>Subtotal</b>	<b>2,964,135</b>	<b>2,560,433</b>	<b>2,621,604</b>	<b>2,423,084</b>
<b>Transfers In</b>				
General Fund - Affordable Housing Grant Match	100,000	100,000	100,000	100,000
CIP - Court Enhancement	31,255	-	-	-
General Fund - Preservation Rehab	-	-	-	10,000
<b>Subtotal</b>	<b>131,255</b>	<b>100,000</b>	<b>100,000</b>	<b>110,000</b>
<b>Total Revenues &amp; Transfers In</b>	<b>3,095,390</b>	<b>2,660,433</b>	<b>2,721,604</b>	<b>2,533,084</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
Court	80,515	290,359	252,612	290,541
Human Resources	-	-	-	7,200
Police	273,906	344,186	344,186	374,785
Community Services	1,157,390	2,352,255	2,352,255	2,658,612
Preservation Rehab	-	-	-	10,000
Citizen and Neighborhood Resources	903	68,801	68,801	19,692
Planning & Development	14,066	20,000	20,000	20,608
<b>Subtotal</b>	<b>1,526,780</b>	<b>3,075,601</b>	<b>3,037,854</b>	<b>3,381,438</b>
<b>Total Operating Budget</b>	<b>1,526,780</b>	<b>3,075,601</b>	<b>3,037,854</b>	<b>3,381,438</b>
<b>Transfers Out</b>				
General Fund (McCormick MPC debt)	357,260	356,660	356,660	-
CIP Fund - Community Svcs (CDBG, Section 8)	-	-	-	2,400
CIP Fund - Police (RICO)	33,071	-	-	68,200
CIP Fund (Court)	70,000	373,500	150,000	543,100
<b>Subtotal</b>	<b>460,331</b>	<b>730,160</b>	<b>506,660</b>	<b>613,700</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>1,987,111</b>	<b>3,805,761</b>	<b>3,544,514</b>	<b>3,995,138</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>1,108,279</b>	<b>(1,145,328)</b>	<b>(822,910)</b>	<b>(1,462,054)</b>
<b>Ending Fund Balance/Reserve</b>				
Operating Contingency	250,000	250,000	250,000	350,000
Reserved	3,408,720	805,278	3,095,234	1,633,180
<b>Total Ending Fund Balance</b>	<b>3,408,720</b>	<b>805,278</b>	<b>3,095,234</b>	<b>1,633,180</b>

# FIVE-YEAR FINANCIAL PLAN

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Five Year Financial Plan Special Revenue - Special Programs Fund

	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>					
Operating Contingency	250,000	350,000	350,000	350,000	350,000
Reserved	3,095,234	1,633,180	1,405,281	1,859,784	2,314,902
<b>Total Beginning Fund Balance</b>	<b>3,095,234</b>	<b>1,633,180</b>	<b>1,405,281</b>	<b>1,859,784</b>	<b>2,314,902</b>
<b>Revenues:</b>					
Misc Court Revenue	643,562	651,606	659,752	667,999	684,699
Misc Human Resources	7,200	7,380	7,565	7,754	7,947
Misc Police Revenue	374,785	384,155	393,758	403,602	413,693
Misc Community Services Revenue	1,357,237	2,726,877	2,795,004	2,865,034	2,936,610
Misc Citizen and Neighborhood Revenue	19,692	20,184	20,689	21,206	21,736
Misc Planning & Dev. Revenue	20,608	21,123	21,651	22,193	22,747
<b>Subtotal</b>	<b>2,423,084</b>	<b>3,811,326</b>	<b>3,898,419</b>	<b>3,987,788</b>	<b>4,087,433</b>
<b>Transfers In</b>					
General Fund - Affordable Housing Grant Match	100,000	100,000	100,000	100,000	100,000
CIP - Court Enhancement	-	-	-	-	-
General Fund - Preservation Rehab	10,000	10,000	10,000	10,000	10,000
<b>Subtotal</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>
<b>Total Revenues &amp; Transfers In</b>	<b>2,533,084</b>	<b>3,921,325</b>	<b>4,008,419</b>	<b>4,097,788</b>	<b>4,197,433</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Court	290,541	297,805	305,250	312,881	320,703
Human Resources	7,200	7,380	7,565	7,754	7,947
Police	374,785	384,155	393,758	403,602	413,693
Community Services	2,658,612	2,725,077	2,793,204	2,863,034	2,934,610
Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Citizen and Neighborhood Resources	19,692	20,184	20,689	21,206	21,736
Planning & Development	20,608	21,123	21,651	22,193	22,747
<b>Subtotal</b>	<b>3,381,438</b>	<b>3,465,724</b>	<b>3,552,117</b>	<b>3,640,670</b>	<b>3,731,437</b>
<b>Total Operating Budget</b>	<b>3,381,438</b>	<b>3,465,724</b>	<b>3,552,117</b>	<b>3,640,670</b>	<b>3,731,437</b>
<b>Transfers Out</b>					
General Fund (McCormick MPC debt)	-	-	-	-	-
CIP Fund - Community Svcs (CDBG, Section 8)	2,400	1,800	1,800	2,000	2,000
CIP Fund - Police (RICO)	68,200	-	-	-	-
CIP Fund (Court)	543,100	681,700	-	-	-
<b>Subtotal</b>	<b>613,700</b>	<b>683,500</b>	<b>1,800</b>	<b>2,000</b>	<b>2,000</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>3,995,138</b>	<b>4,149,224</b>	<b>3,553,917</b>	<b>3,642,670</b>	<b>3,733,437</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>(1,462,054)</b>	<b>(227,899)</b>	<b>454,502</b>	<b>455,118</b>	<b>463,996</b>
<b>Ending Fund Balance/Reserve</b>					
Operating Contingency	350,000	350,000	350,000	350,000	350,000
Reserved	1,633,180	1,405,281	1,859,784	2,314,902	2,778,898
<b>Total Ending Fund Balance</b>	<b>1,633,180</b>	<b>1,405,281</b>	<b>1,859,784</b>	<b>2,314,902</b>	<b>2,778,898</b>

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

### Proposed FY 2004/05 Budget Fund Summaries Debt Service Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
Beginning Fund Balance/Reserve	10,213,000	10,797,394	10,533,260	10,533,260
<b>Revenues:</b>				
Property Tax (Secondary)	22,382,000	25,538,638	22,725,137	26,858,978
Special Assessments	2,268,963	2,903,138	2,867,070	2,792,383
<b>Subtotal</b>	<b>24,650,963</b>	<b>28,441,776</b>	<b>25,592,207</b>	<b>29,651,361</b>
<b>Transfers In</b>				
Preservation Sales Tax Fund - GO Bonds	15,920,876	9,537,488	9,222,115	13,113,344
Preservation Sales Tax Fund - Rev Bonds	-	6,863,722	6,863,722	6,860,785
<b>Subtotal</b>	<b>15,920,876</b>	<b>16,401,210</b>	<b>16,085,837</b>	<b>19,974,129</b>
<b>Total Revenues &amp; Transfers In</b>	<b>40,571,840</b>	<b>44,842,986</b>	<b>41,678,044</b>	<b>49,625,490</b>
<b>Use of Funds:</b>				
<b>Debt Service by Type</b>				
General Obligation Bonds	22,382,000	25,538,638	22,725,137	26,858,978
Preserve G. O. Bonds	9,039,954	9,537,488	9,222,115	13,113,344
Special Assessment Bonds	2,268,963	2,903,138	2,867,070	2,792,383
Preserve Revenue Bonds (SPA)	6,880,923	6,863,722	6,863,722	6,860,785
<b>Subtotal</b>	<b>40,571,840</b>	<b>44,842,986</b>	<b>41,678,044</b>	<b>49,625,490</b>
<b>Total Expenditures</b>	<b>40,571,840</b>	<b>44,842,986</b>	<b>41,678,044</b>	<b>49,625,490</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Ending Fund Balance/Reserve	10,213,000	10,797,394	10,533,260	10,533,260

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan***Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Debt Service Fund**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b><u>Source of Funds:</u></b>					
<b>Beginning Fund Balance/Reserve</b>	<b>10,533,260</b>	<b>10,533,260</b>	<b>10,033,260</b>	<b>8,033,260</b>	<b>8,033,260</b>
<b>Revenues:</b>					
Property Tax (Secondary)	26,858,978	29,424,821	31,949,807	35,000,470	36,391,958
Special Assessments	2,792,383	1,126,837	1,086,254	1,047,171	1,008,088
<b>Subtotal</b>	<b>29,651,361</b>	<b>30,551,658</b>	<b>33,036,061</b>	<b>36,047,641</b>	<b>37,400,046</b>
<b>Transfers In</b>					
Preservation Sales Tax Fund - GO Bonds	13,113,344	13,143,607	14,140,369	11,194,282	11,161,407
Preservation Sales Tax Fund - Rev Bond:	6,860,785	6,840,372	6,838,047	6,820,522	6,800,422
<b>Subtotal</b>	<b>19,974,129</b>	<b>19,983,979</b>	<b>20,978,416</b>	<b>18,014,804</b>	<b>17,961,829</b>
<b>Total Revenues &amp; Transfers In</b>	<b>49,625,490</b>	<b>50,535,637</b>	<b>54,014,477</b>	<b>54,062,445</b>	<b>55,361,875</b>
<b><u>Use of Funds:</u></b>					
<b>Debt Service by Type</b>					
General Obligation Bonds	26,858,978	29,924,821	33,949,807	35,000,470	36,391,958
Preserve G. O. Bonds	13,113,344	13,143,607	14,140,369	11,194,282	11,161,407
Special Assessment Bonds	2,792,383	1,126,837	1,086,254	1,047,171	1,008,088
Preserve Revenue Bonds (SPA)	6,860,785	6,840,372	6,838,047	6,820,522	6,800,422
<b>Subtotal</b>	<b>49,625,490</b>	<b>51,035,637</b>	<b>56,014,477</b>	<b>54,062,445</b>	<b>55,361,875</b>
<b>Total Expenditures</b>	<b>49,625,490</b>	<b>51,035,637</b>	<b>56,014,477</b>	<b>54,062,445</b>	<b>55,361,875</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>-</b>	<b>(500,000)</b>	<b>(2,000,000)</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance/Reserve</b>	<b>10,533,260</b>	<b>10,033,260</b>	<b>8,033,260</b>	<b>8,033,260</b>	<b>8,033,260</b>

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries Enterprise Funds - Water and Sewer

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
<b>Beginning Fund Balance</b>				
Operating Reserve	3,000,000	15,362,491	15,362,491	17,601,280
Repair/Replacement Reserve	14,045,440	15,165,507	10,895,357	7,766,783
Special Operations Funds	84,934	1,169,184	7,149,650	6,002,153
Unreserved Fund Balance	-	-	-	-
<b>Total Beginning Fund Balance</b>	<b>17,130,374</b>	<b>31,697,182</b>	<b>33,407,498</b>	<b>31,370,216</b>
<b>Revenues:</b>				
Water Charges	66,696,787	71,448,156	69,448,156	70,838,029
Stormwater Water Quality Chg				612,000
Sewer Charges	25,479,225	25,852,829	25,602,829	26,080,588
Effluent Sales	506,352	385,384	385,384	544,513
Interest Earnings	505,138	2,064,665	2,064,665	4,203,914
Miscellaneous Revenue	7,095,138	1,187,030	1,187,030	2,248,386
<b>Subtotal</b>	<b>100,282,640</b>	<b>100,938,064</b>	<b>98,688,064</b>	<b>104,527,430</b>
<b>Transfers In</b>				
CIP - Development Fees	4,958,281	4,969,869	6,574,700	6,558,100
<b>Subtotal</b>	<b>4,958,281</b>	<b>4,969,869</b>	<b>6,574,700</b>	<b>6,558,100</b>
<b>Total Revenues &amp; Transfers In</b>	<b>105,240,921</b>	<b>105,907,933</b>	<b>105,262,764</b>	<b>111,085,530</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
Financial Services	2,102,626	2,201,589	2,201,589	2,143,854
Water Resources	37,866,858	40,037,239	40,037,239	42,833,310
Estimated Water Dept. Savings	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Subtotal</b>	<b>38,969,484</b>	<b>41,238,828</b>	<b>41,238,828</b>	<b>43,977,164</b>
<b>Debt Service</b>				
General Obligation Bonds	5,402,066	5,760,539	5,760,539	5,353,855
Revenue Bonds	4,313,558	6,516,486	6,514,986	6,524,524
MPC Bonds	1,678,225	1,719,700	5,897,874	7,456,913
<b>Subtotal</b>	<b>11,393,849</b>	<b>13,996,725</b>	<b>18,173,399</b>	<b>19,335,292</b>
<b>Total Operating Budget</b>	<b>50,363,333</b>	<b>55,235,553</b>	<b>59,412,227</b>	<b>63,312,456</b>
<b>Transfers Out</b>				
In Lieu Property Tax	2,349,775	2,442,474	2,442,474	2,437,440
Indirect Cost Allocation	5,908,854	6,331,846	6,331,846	6,297,805
Franchise Fee	4,851,050	4,994,903	4,994,903	5,182,326
Gnrl Fund - Strmwtr Wtr Quality Chg	-	-	-	612,000
Gnrl Fund - Security Contract	-	-	-	194,232
CIP Fund	28,906,462	35,359,213	33,050,456	23,986,568
<b>Total Transfers Out</b>	<b>42,016,141</b>	<b>49,128,437</b>	<b>46,819,680</b>	<b>38,710,370</b>
<b>Ending Fund Balance</b>				
Operating Reserve	15,362,491	17,027,046	17,601,280	18,264,557
Repair/Replacement Reserve	15,165,507	16,024,253	7,766,783	16,364,314
Special Operations Fund Balance	304,904	189,826	7,070,292	5,804,048
Unreserved Balance	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>30,832,902</b>	<b>33,241,125</b>	<b>32,438,355</b>	<b>40,432,919</b>

# FIVE-YEAR FINANCIAL PLAN

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Five Year Financial Plan Enterprise Funds - Water and Sewer

	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
<b>Beginning Fund Balance</b>					
Operating Reserve	17,601,280	18,264,557	19,484,090	18,809,541	19,519,994
Repair/Replacement Reserve	7,766,783	16,364,314	18,827,769	21,133,590	21,971,977
Special Operations Funds	6,002,153	5,804,048	5,601,909	5,395,387	5,184,323
Unreserved Fund Balance	-	-	-	-	-
<b>Total Beginning Fund Balance</b>	<b>31,370,216</b>	<b>40,432,919</b>	<b>43,913,768</b>	<b>45,338,518</b>	<b>46,676,294</b>
<b>Revenues:</b>					
Water Charges	70,838,029	73,491,234	76,224,808	79,046,763	81,325,234
Stormwater Water Quality Chg	612,000	630,360	649,271	668,749	688,811
Sewer Charges	26,080,588	27,210,631	28,381,182	29,596,327	30,557,725
Effluent Sales	544,513	558,125	572,079	586,381	601,040
Interest Earnings	4,203,914	2,300,201	1,432,016	1,582,388	1,986,374
Miscellaneous Revenue	2,248,386	2,288,105	2,328,186	2,368,775	2,409,872
<b>Subtotal</b>	<b>104,527,430</b>	<b>106,478,656</b>	<b>109,587,542</b>	<b>113,849,383</b>	<b>117,569,055</b>
<b>Transfers In</b>					
CIP - Development Fees	6,558,100	6,558,500	6,508,700	6,464,300	6,408,900
<b>Subtotal</b>	<b>6,558,100</b>	<b>6,558,500</b>	<b>6,508,700</b>	<b>6,464,300</b>	<b>6,408,900</b>
<b>Total Revenues &amp; Transfers In</b>	<b>111,085,530</b>	<b>113,037,156</b>	<b>116,096,242</b>	<b>120,313,683</b>	<b>123,977,955</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Financial Services	2,143,854	2,197,450	2,252,387	2,308,696	2,366,414
Water Resources	42,833,310	43,904,143	45,001,746	46,126,790	47,279,960
Estimated Water Dept. Savings	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Subtotal</b>	<b>43,977,164</b>	<b>45,101,593</b>	<b>46,254,133</b>	<b>47,435,486</b>	<b>48,646,373</b>
<b>Debt Service</b>					
General Obligation Bonds	5,353,855	6,857,065	-	-	-
Revenue Bonds	6,524,524	6,517,901	6,479,248	6,441,273	6,387,376
MPC Bonds	7,456,913	8,226,322	9,010,167	9,571,494	8,187,821
<b>Subtotal</b>	<b>19,335,292</b>	<b>21,601,288</b>	<b>15,489,415</b>	<b>16,012,767</b>	<b>14,575,197</b>
<b>Total Operating Budget</b>	<b>63,312,456</b>	<b>66,702,881</b>	<b>61,743,548</b>	<b>63,448,253</b>	<b>63,221,570</b>
<b>Transfers Out</b>					
In Lieu Property Tax	2,437,440	2,588,284	2,842,339	3,155,164	3,495,183
Indirect Cost Allocation	6,297,805	6,360,783	6,424,391	6,488,635	6,553,521
Franchise Fee	5,182,326	5,312,990	5,461,614	5,667,027	5,855,452
Gnrl Fund - Strmwtr Wtr Quality Chg	612,000	630,360	649,271	668,749	688,811
Gnrl Fund - Security Contract	194,232	199,088	204,065	209,167	214,396
CIP Fund	23,986,568	27,761,921	37,346,265	39,338,913	42,612,824
<b>Total Transfers Out</b>	<b>38,710,370</b>	<b>42,853,426</b>	<b>52,927,944</b>	<b>55,527,654</b>	<b>59,420,187</b>
<b>Ending Fund Balance</b>					
Operating Reserve	18,264,557	19,484,090	18,809,541	19,519,994	19,854,053
Repair/Replacement Reserve	16,364,314	18,827,769	21,133,590	21,971,977	23,190,866
Special Operations Fund Balance	5,804,048	5,601,909	5,395,387	5,184,323	4,967,573
Unreserved Balance	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>40,432,919</b>	<b>43,913,768</b>	<b>45,338,518</b>	<b>46,676,294</b>	<b>48,012,492</b>

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries Enterprise Fund - Solid Waste

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
<b>Beginning Fund Balance</b>	<b>2,872,820</b>	<b>4,916,606</b>	<b>3,156,259</b>	<b>4,319,424</b>
Operating Reserve	2,872,820	3,084,266	3,156,259	3,267,368
Unreserved	-	1,832,340	-	1,052,056
<b>Total Beginning Fund Balance</b>	<b>2,872,820</b>	<b>4,916,606</b>	<b>3,156,259</b>	<b>4,319,424</b>
<b>Revenues:</b>				
Refuse Collection Charges	16,250,466	16,177,531	16,177,531	16,722,321
Interest Earnings	41,918	48,700	48,700	40,468
<b>Subtotal</b>	<b>16,292,384</b>	<b>16,226,231</b>	<b>16,226,231</b>	<b>16,762,789</b>
<b>Total Revenues &amp; Transfers In</b>	<b>16,292,384</b>	<b>16,226,231</b>	<b>16,226,231</b>	<b>16,762,789</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
Financial Services	422,484	586,491	586,491	584,966
Municipal Services	11,570,589	12,137,487	12,137,487	12,397,545
<b>Subtotal</b>	<b>11,993,073</b>	<b>12,723,978</b>	<b>12,723,978</b>	<b>12,982,511</b>
<b>Debt Service</b>				
MPC Bonds - Transfer Station	343,993	345,493	345,493	343,243
<b>Subtotal</b>	<b>343,993</b>	<b>345,493</b>	<b>345,493</b>	<b>343,243</b>
<b>Total Operating Budget</b>	<b>12,337,065</b>	<b>13,069,471</b>	<b>13,069,471</b>	<b>13,325,754</b>
<b>Transfers Out</b>				
Indirect Cost Allocation	1,646,760	1,958,092	1,958,092	1,870,230
General Fund - Dntwn Pilot Prog	-	-	-	371,948
Fleet Management Fund	229,505	-	-	-
CIP Fund	18,400	18,500	18,500	279,900
In Lieu Property Tax	16,867	17,003	17,003	16,468
<b>Total Transfers Out</b>	<b>1,911,532</b>	<b>1,993,595</b>	<b>1,993,595</b>	<b>2,538,546</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>14,248,597</b>	<b>15,063,066</b>	<b>15,063,066</b>	<b>15,864,300</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>2,043,786</b>	<b>1,163,165</b>	<b>1,163,165</b>	<b>898,489</b>
<b>Ending Fund Balance</b>				
Operating Reserve	3,084,266	3,267,368	3,267,368	3,331,439
Unreserved	1,832,340	2,812,403	1,052,056	1,886,474
<b>Total Ending Fund Balance</b>	<b>4,916,606</b>	<b>6,079,771</b>	<b>4,319,424</b>	<b>5,217,913</b>

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Enterprise Fund - Solid Waste**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b><u>Source of Funds:</u></b>					
<b>Beginning Fund Balance</b>	<b>4,319,424</b>	<b>5,217,913</b>	<b>5,873,009</b>	<b>6,190,401</b>	<b>6,928,270</b>
Operating Reserve	3,267,368	3,331,439	3,413,142	3,495,436	3,581,039
Unreserved	1,052,056	1,886,474	2,459,867	2,694,965	3,347,231
<b>Total Beginning Fund Balance</b>	<b>4,319,424</b>	<b>5,217,913</b>	<b>5,873,009</b>	<b>6,190,401</b>	<b>6,928,270</b>
<b><u>Revenues:</u></b>					
Refuse Collection Charges	16,722,321	16,995,787	17,401,915	17,911,627	18,556,260
Interest Earnings	40,468	48,165	51,843	51,600	54,036
<b>Subtotal</b>	<b>16,762,789</b>	<b>17,043,952</b>	<b>17,453,758</b>	<b>17,963,227</b>	<b>18,610,296</b>
<b>Total Revenues &amp; Transfers In</b>	<b>16,762,789</b>	<b>17,043,952</b>	<b>17,453,758</b>	<b>17,963,227</b>	<b>18,610,296</b>
<b><u>Use of Funds:</u></b>					
<b>Departments</b>					
Financial Services	584,966	599,590	614,580	629,944	645,693
Municipal Services	12,397,545	12,707,484	13,025,171	13,350,800	13,684,570
<b>Subtotal</b>	<b>12,982,511</b>	<b>13,307,074</b>	<b>13,639,751</b>	<b>13,980,744</b>	<b>14,330,263</b>
<b>Debt Service</b>					
MPC Bonds - Transfer Station	343,243	345,493	341,993	343,413	344,400
<b>Subtotal</b>	<b>343,243</b>	<b>345,493</b>	<b>341,993</b>	<b>343,413</b>	<b>344,400</b>
<b>Total Operating Budget</b>	<b>13,325,754</b>	<b>13,652,567</b>	<b>13,981,744</b>	<b>14,324,157</b>	<b>14,674,663</b>
<b>Transfers Out</b>					
Indirect Cost Allocation	1,870,230	1,888,932	1,907,822	1,926,900	1,946,169
General Fund - Dntwn Pilot Prog	371,948	-	-	-	-
Fleet Management Fund	-	366,950	376,124	215,378	220,763
CIP Fund	279,900	464,506	854,800	742,938	4,037,131
In Lieu Property Tax	16,468	15,901	15,877	15,985	16,093
<b>Total Transfers Out</b>	<b>2,538,546</b>	<b>2,736,290</b>	<b>3,154,622</b>	<b>2,901,201</b>	<b>6,220,156</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>15,864,300</b>	<b>16,388,856</b>	<b>17,136,366</b>	<b>17,225,358</b>	<b>20,894,819</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>898,489</b>	<b>655,096</b>	<b>317,392</b>	<b>737,869</b>	<b>(2,284,523)</b>
<b>Ending Fund Balance</b>					
Operating Reserve	3,331,439	3,413,142	3,495,436	3,581,039	3,668,666
Unreserved	1,886,474	2,459,867	2,694,965	3,347,231	975,081
<b>Total Ending Fund Balance</b>	<b>5,217,913</b>	<b>5,873,009</b>	<b>6,190,401</b>	<b>6,928,270</b>	<b>4,643,747</b>

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

### Proposed FY 2004/05 Budget Fund Summaries Enterprise Fund - Aviation

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance</b>				
Operating Reserve	-	67,718	-	458,532
Repair and Replacement Reserve	-	-	-	170,636
Unreserved - Operating	-	-	480,533	-
Unreserved - Capital	-	-	(425,553)	-
<b>Total Beginning Fund Balance</b>	-	<b>67,718</b>	<b>54,980</b>	<b>629,168</b>
<b>Revenues:</b>				
Airport	2,423,921	2,852,980	2,852,980	2,852,980
Interest			9,924	24,215
<b>Subtotal</b>	<b>2,423,921</b>	<b>2,852,980</b>	<b>2,862,904</b>	<b>2,877,195</b>
<b>Transfers In</b>				
General Fund Transfer - Jet Fuel	-	-	212,362	106,181
<b>Subtotal</b>	-	-	<b>212,362</b>	<b>106,181</b>
<b>Total Revenues &amp; Transfers In</b>	<b>2,423,921</b>	<b>2,852,980</b>	<b>3,075,266</b>	<b>2,983,376</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Transportation	1,284,389	1,334,787	1,334,787	1,389,691
<b>Subtotal</b>	<b>1,284,389</b>	<b>1,334,787</b>	<b>1,334,787</b>	<b>1,389,691</b>
<b>Total Operating Budget</b>	<b>1,284,389</b>	<b>1,334,787</b>	<b>1,334,787</b>	<b>1,389,691</b>
<b>Transfers Out</b>				
In Lieu Property Tax	45,972	60,738	60,738	63,405
Indirect Cost Allocation	254,945	190,554	190,554	203,304
Direct Cost Allocation (Fire)	234,715	248,048	248,048	263,881
General Fund - CIP/Security Contract	27,745	-	259,051	63,587
CIP Fund (Tech. Replacement)	-	20,900	20,900	11,000
CIP Fund (Other)	260,400	387,000	387,000	812,900
<b>Total Transfers Out</b>	<b>823,777</b>	<b>907,240</b>	<b>1,166,291</b>	<b>1,418,077</b>
<b>Total Expenditures &amp; Transfers Out</b>	-	<b>2,242,027</b>	<b>2,501,078</b>	<b>2,807,768</b>
<b>Revenue Over/(Under) Expenditures</b>	-	<b>610,953</b>	<b>574,188</b>	<b>175,608</b>
<b>Ending Fund Balance/Reserve</b>				
Operating Reserve	315,755	333,697	458,532	495,967
Repair and Replacement Reserve	-	344,974	170,636	308,809
Unreserved	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>315,755</b>	<b>678,671</b>	<b>629,168</b>	<b>804,776</b>

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Enterprise Fund - Aviation**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b><u>Source of Funds:</u></b>					
<b>Beginning Fund Balance</b>					
Operating Reserve	458,532	495,967	505,718	516,229	527,115
Repair and Replacement Reserve	170,636	308,809	815,903	1,392,770	1,452,385
Unreserved - Operating	-	-	-	-	-
Unreserved - Capital	-	-	-	359,000	690,485
<b>Total Beginning Fund Balance</b>	<b>629,168</b>	<b>804,776</b>	<b>1,321,621</b>	<b>2,267,999</b>	<b>2,669,985</b>
<b>Revenues:</b>					
Airport	2,852,980	2,852,980	2,852,980	2,852,980	2,852,980
Interest	24,215	44,455	71,235	85,085	96,506
<b>Subtotal</b>	<b>2,877,195</b>	<b>2,897,435</b>	<b>2,924,215</b>	<b>2,938,065</b>	<b>2,949,486</b>
<b>Transfers In</b>					
General Fund Transfer - Jet Fuel	106,181	106,181	106,181	106,181	106,181
<b>Subtotal</b>	<b>106,181</b>	<b>106,181</b>	<b>106,181</b>	<b>106,181</b>	<b>106,181</b>
<b>Total Revenues &amp; Transfers In</b>	<b>2,983,376</b>	<b>3,003,616</b>	<b>3,030,396</b>	<b>3,044,246</b>	<b>3,055,667</b>
<b><u>Use of Funds:</u></b>					
<b>Departments</b>					
Transportation	1,389,691	1,424,433	1,460,044	1,496,545	1,533,959
<b>Subtotal</b>	<b>1,389,691</b>	<b>1,424,433</b>	<b>1,460,044</b>	<b>1,496,545</b>	<b>1,533,959</b>
<b>Total Operating Budget</b>	<b>1,389,691</b>	<b>1,424,433</b>	<b>1,460,044</b>	<b>1,496,545</b>	<b>1,533,959</b>
<b>Transfers Out</b>					
In Lieu Property Tax	63,405	61,404	61,492	62,097	62,704
Indirect Cost Allocation	203,304	205,337	207,390	209,464	211,559
Direct Cost Allocation (Fire)	263,881	266,520	269,185	271,877	274,596
General Fund - CIP/Security Contract	63,587	65,177	66,806	68,476	70,188
CIP Fund (Tech. Replacement)	11,000	10,400	10,400	10,600	10,600
CIP Fund (Other)	812,900	453,500	8,700	523,200	651,200
<b>Total Transfers Out</b>	<b>1,418,077</b>	<b>1,062,338</b>	<b>623,974</b>	<b>1,145,715</b>	<b>1,280,847</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>2,807,768</b>	<b>2,486,771</b>	<b>2,084,018</b>	<b>2,642,260</b>	<b>2,814,806</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>175,608</b>	<b>516,845</b>	<b>946,378</b>	<b>401,986</b>	<b>240,861</b>
<b>Ending Fund Balance/Reserve</b>					
Operating Reserve	495,967	505,718	516,229	527,115	538,251
Repair and Replacement Reserve	308,809	815,903	1,392,770	1,452,385	1,560,255
Unreserved	-	-	359,000	690,485	812,340
<b>Total Ending Fund Balance</b>	<b>804,776</b>	<b>1,321,621</b>	<b>2,267,999</b>	<b>2,669,985</b>	<b>2,910,846</b>

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

Proposed FY 2004/05 Budget  
Fund Summaries  
Internal Service Fund - Fleet Management

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
Beginning Fund Balance/Reserve	8,218,480	5,430,636	8,504,595	9,328,936
<b>Revenues:</b>				
Rates (Acquisition)	4,484,136	4,580,155	4,580,155	4,880,874
Rates (Maintenance & Operation)	5,980,392	6,490,608	6,490,608	6,588,200
Misc Revenue (Surplus Property)	229,052	267,711	193,736	177,218
Interest	339,394	226,277	258,536	389,688
<b>Subtotal</b>	<b>11,032,974</b>	<b>11,564,751</b>	<b>11,523,035</b>	<b>12,035,980</b>
<b>Transfers In</b>				
Solid Waste Fund	229,505	-	-	-
<b>Subtotal</b>	<b>229,505</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues &amp; Transfers In</b>	<b>11,262,479</b>	<b>11,564,751</b>	<b>11,523,035</b>	<b>12,035,980</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
Municipal Services				
Vehicle Acquisition	3,902,566	3,544,350	3,393,000	3,553,000
Fleet Operations	6,086,919	6,392,302	6,643,114	6,810,697
<b>Subtotal</b>	<b>9,989,484</b>	<b>9,936,652</b>	<b>10,036,114</b>	<b>10,363,697</b>
<b>Total Operating Budget</b>	<b>9,989,484</b>	<b>9,936,652</b>	<b>10,036,114</b>	<b>10,363,697</b>
<b>Transfers Out</b>				
CIP Fund (Tech. Replacement)	547,000	26,600	26,600	27,200
CIP Fund Balance	3,000,000	494,980	635,980	1,614,900
General Fund Balance	513,839	-	-	-
<b>Subtotal</b>	<b>4,060,839</b>	<b>521,580</b>	<b>662,580</b>	<b>1,642,100</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>14,050,323</b>	<b>10,458,232</b>	<b>10,698,694</b>	<b>12,005,797</b>
<b>Ending Fund Balance/Reserve</b>	<b>5,430,636</b>	<b>6,537,155</b>	<b>9,328,936</b>	<b>9,359,119</b>

**FIVE-YEAR FINANCIAL PLAN***Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Five Year Financial Plan  
Internal Service Fund - Fleet Management**

	<b>Proposed 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>	<b>Forecast 2008/09</b>
<b><u>Source of Funds:</u></b>					
<b>Beginning Fund Balance/Reserve</b>	<b>9,328,936</b>	<b>9,359,119</b>	<b>9,323,623</b>	<b>10,685,855</b>	<b>11,883,886</b>
<b>Revenues:</b>					
Rates (Acquisition)	4,880,874	5,063,387	5,299,876	5,490,459	5,635,259
Rates (Maintenance & Operation)	6,588,200	6,907,728	7,071,441	7,239,034	7,410,599
Misc Revenue (Surplus Property)	177,218	177,650	290,498	240,369	250,669
Interest	389,688	495,623	539,723	609,711	672,001
<b>Subtotal</b>	<b>12,035,980</b>	<b>12,644,388</b>	<b>13,201,538</b>	<b>13,579,573</b>	<b>13,968,528</b>
<b>Transfers In</b>					
Solid Waste Fund	-	366,950	376,124	215,378	220,763
<b>Subtotal</b>	<b>-</b>	<b>366,950</b>	<b>376,124</b>	<b>215,378</b>	<b>220,763</b>
<b>Total Revenues &amp; Transfers In</b>	<b>12,035,980</b>	<b>13,011,338</b>	<b>13,577,662</b>	<b>13,794,951</b>	<b>14,189,291</b>
<b><u>Use of Funds:</u></b>					
<b>Departments</b>					
Municipal Services					
Vehicle Acquisition	3,553,000	5,809,950	4,807,374	5,013,378	9,461,588
Fleet Operations	6,810,697	7,210,484	7,381,556	7,556,742	7,736,145
<b>Subtotal</b>	<b>10,363,697</b>	<b>13,020,434</b>	<b>12,188,930</b>	<b>12,570,120</b>	<b>17,197,733</b>
<b>Total Operating Budget</b>	<b>10,363,697</b>	<b>13,020,434</b>	<b>12,188,930</b>	<b>12,570,120</b>	<b>17,197,733</b>
<b>Transfers Out</b>					
CIP Fund (Tech. Replacement)	27,200	26,400	26,500	26,800	26,800
CIP Fund Balance	1,614,900	-	-	-	-
General Fund Balance	-	-	-	-	-
<b>Subtotal</b>	<b>1,642,100</b>	<b>26,400</b>	<b>26,500</b>	<b>26,800</b>	<b>26,800</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>12,005,797</b>	<b>13,046,834</b>	<b>12,215,430</b>	<b>12,596,920</b>	<b>17,224,533</b>
<b>Ending Fund Balance/Reserve</b>	<b>9,359,119</b>	<b>9,323,623</b>	<b>10,685,855</b>	<b>11,883,886</b>	<b>8,848,644</b>

## FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

**Proposed FY 2004/05 Budget  
Fund Summaries  
Internal Service Fund - Self Insurance**

	<b>Actual 2002/03</b>	<b>Adopted 2003/04</b>	<b>Forecast 2003/04</b>	<b>Proposed 2004/05</b>
<b><u>Source of Funds:</u></b>				
Property Casualty Claim Reserve	11,777,018	10,022,976	12,201,068	12,579,102
Group Health Care Claims Reserve	4,272,440	5,179,930	5,179,930	5,436,415
<b>Beginning Fund Balance/Reserve</b>	<b>16,049,458</b>	<b>15,202,906</b>	<b>17,380,998</b>	<b>18,015,517</b>
<b><u>Revenues:</u></b>				
Property and Liability	4,100,028	4,100,000	4,100,000	4,100,000
Group Health (ER only) no dental	3,080,081	7,298,223	7,298,223	11,457,962
Dental (ER only)	711,274	613,736	613,736	440,640
Group Health (EE only)	-	-	-	1,049,929
Dental (EE only)	-	-	-	343,615
Unemployment Taxes	152,929	150,000	150,000	36,000
Interest - Property Casualty	345,822	237,866	237,866	312,958
Interest - Group Health Care	137,348	140,000	146,486	129,498
Property Tax (Tort Claims)	648,519	643,931	643,931	390,256
Miscellaneous	398,098	-	55,783	-
<b>Subtotal</b>	<b>9,574,100</b>	<b>13,183,756</b>	<b>13,246,025</b>	<b>18,260,858</b>
<b><u>Transfers In</u></b>				
General Fund	-	750,000	750,000	600,000
<b>Total Revenues &amp; Transfers In</b>	<b>9,574,100</b>	<b>13,933,756</b>	<b>13,996,025</b>	<b>18,860,858</b>
<b><u>Use of Funds:</u></b>				
<b><u>Departments</u></b>				
Financial Services-Operating	2,311,253	2,436,477	2,436,477	2,433,224
Financial Services-Claims	2,585,688	2,800,000	2,800,000	2,800,000
Financial Services-Group Health Claims	3,334,918	7,801,960	7,801,960	10,800,000
Financial Services-Group Health Admin	-	250,000	312,269	704,000
<b>Subtotal Departments</b>	<b>8,231,859</b>	<b>13,288,437</b>	<b>13,350,706</b>	<b>16,737,224</b>
<b>Total Operating Budget</b>	<b>8,231,859</b>	<b>13,288,437</b>	<b>13,350,706</b>	<b>16,737,224</b>
<b><u>Transfers Out</u></b>				
General Fund	-	-	-	-
CIP Fund	-	-	-	-
CIP Fund (Tech. Replacement)	10,700	10,800	10,800	11,100
<b>Subtotal</b>	<b>10,700</b>	<b>10,800</b>	<b>10,800</b>	<b>11,100</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>8,242,559</b>	<b>13,299,237</b>	<b>13,361,506</b>	<b>16,748,324</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>1,331,541</b>	<b>634,519</b>	<b>634,519</b>	<b>2,112,534</b>
<b><u>Ending Fund Balance/Reserve</u></b>				
Property Casualty Claim Res	12,201,068	10,407,496	12,579,102	12,069,992
Group Health Care Claims Res	5,179,930	5,429,929	5,436,415	8,058,059
<b>Total Ending Fund Balance</b>	<b>17,380,999</b>	<b>15,837,425</b>	<b>18,015,517</b>	<b>20,128,051</b>

# FIVE-YEAR FINANCIAL PLAN

## *Fund Summaries and Five-Year Plan*

### Proposed FY 2004/05 Budget Five Year Financial Plan Internal Service Fund - Self Insurance

	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
Property Casualty Claim Reserve	12,579,102	12,069,992	12,091,231	11,976,948	12,026,191
Group Health Care Claims Reserve	5,436,415	8,058,059	8,057,093	8,233,494	8,259,198
<b>Beginning Fund Balance/Reserve</b>	<b>18,015,517</b>	<b>20,128,051</b>	<b>20,148,324</b>	<b>20,210,442</b>	<b>20,285,389</b>
<b>Revenues:</b>					
Property and Liability	4,100,000	5,100,000	5,300,000	5,500,000	5,700,000
Group Health (ER only) no dental	11,457,962	12,750,000	14,100,000	15,100,000	16,950,000
Dental (ER only)	440,640	480,000	480,000	495,000	500,000
Group Health (EE only)	1,049,929	-	-	-	-
Dental (EE only)	343,615	-	-	-	-
Unemployment Taxes	36,000	50,000	55,000	60,000	65,000
Interest - Property Casualty	312,958	316,014	309,597	304,639	302,163
Interest - Group Health Care	129,498	162,269	195,027	197,220	199,747
Property Tax (Tort Claims)	390,256	500,000	550,000	600,000	650,000
Miscellaneous	-	-	-	-	-
<b>Subtotal</b>	<b>18,260,858</b>	<b>19,358,283</b>	<b>20,989,624</b>	<b>22,256,859</b>	<b>24,366,910</b>
<b>Transfers In</b>					
General Fund	600,000	600,000	400,000	600,000	600,000
<b>Total Revenues &amp; Transfers In</b>	<b>18,860,858</b>	<b>19,958,283</b>	<b>21,389,624</b>	<b>22,856,859</b>	<b>24,966,910</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Financial Services-Operating	2,433,224	2,494,055	2,556,406	2,620,316	2,685,824
Financial Services-Claims	2,800,000	3,250,000	3,350,000	3,550,000	3,650,000
Financial Services-Group Health Claims	10,800,000	13,393,235	14,598,626	15,766,516	16,870,172
Financial Services-Group Health Admin	704,000	790,120	811,874	834,280	857,358
<b>Subtotal Departments</b>	<b>16,737,224</b>	<b>19,927,410</b>	<b>21,316,906</b>	<b>22,771,112</b>	<b>24,063,354</b>
<b>Total Operating Budget</b>	<b>16,737,224</b>	<b>19,927,410</b>	<b>21,316,906</b>	<b>22,771,112</b>	<b>24,063,354</b>
<b>Transfers Out</b>					
General Fund	-	-	-	-	-
CIP Fund	-	-	-	-	-
CIP Fund (Tech. Replacement)	11,100	10,600	10,600	10,800	10,800
<b>Subtotal</b>	<b>11,100</b>	<b>10,600</b>	<b>10,600</b>	<b>10,800</b>	<b>10,800</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>16,748,324</b>	<b>19,938,010</b>	<b>21,327,506</b>	<b>22,781,912</b>	<b>24,074,154</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>2,112,534</b>	<b>20,273</b>	<b>62,118</b>	<b>74,947</b>	<b>892,756</b>
<b>Ending Fund Balance/Reserve</b>					
Property Casualty Claim Res	12,069,992	12,091,231	11,976,948	12,026,191	12,139,372
Group Health Care Claims Res	8,058,059	8,057,093	8,233,494	8,259,198	9,038,773
<b>Total Ending Fund Balance</b>	<b>20,128,051</b>	<b>20,148,324</b>	<b>20,210,442</b>	<b>20,285,389</b>	<b>21,178,145</b>

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries Trust Funds

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
<b>Beginning Fund Balance:</b>				
Street Light Districts	-	-	983,227	983,227
Downtown Enhanced Service District	-	-	45,320	45,320
Mayor's Committee for Employment of the Handicapped	-	-	9,581	9,581
Scottsdale Memorial Hospital Redevelopment	-	-	694,760	694,760
<b>Total Beginning Fund Balance</b>	<b>1,615,152</b>	<b>1,615,152</b>	<b>1,732,888</b>	<b>1,732,888</b>
<b>Revenues:</b>				
Trusts	768,900	1,010,000	-	-
Street Light Districts	500,000	500,000	479,200	514,600
Downtown Enhanced Municipal Services District	-	663,000	535,000	540,700
Mayor's Committee for Employment of the Handicapped	-	-	5,000	10,000
Scottsdale Memorial Hospital Redevelopment	-	-	665,200	435,400
<b>Subtotal</b>	<b>1,268,900</b>	<b>2,173,000</b>	<b>1,684,400</b>	<b>1,500,700</b>
<b>Total Revenues</b>	<b>1,268,900</b>	<b>2,173,000</b>	<b>1,684,400</b>	<b>1,500,700</b>
<b>Use of Funds:</b>				
<b>Expenditures:</b>				
Trusts	768,900	1,010,000	-	-
Street Light Districts	500,000	500,000	479,200	514,600
Downtown Enhanced Municipal Services District	-	663,000	535,000	540,700
Mayor's Committee for Employment of the Handicapped	-	-	5,000	10,000
Scottsdale Memorial Hospital Redevelopment	-	-	665,200	435,400
<b>Subtotal</b>	<b>1,268,900</b>	<b>2,173,000</b>	<b>1,684,400</b>	<b>1,500,700</b>
<b>Total Expenditures</b>	<b>1,268,900</b>	<b>2,173,000</b>	<b>1,684,400</b>	<b>1,500,700</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance/Reserve</b>				
Street Light Districts	-	-	983,227	983,227
Downtown Enhanced Municipal Services District	-	-	45,320	45,320
Mayor's Committee for Employment of the Handicapped	-	-	9,581	9,581
Scottsdale Memorial Hospital Redevelopment	-	-	694,760	694,760
<b>Total Ending Fund Balance</b>	<b>1,615,152</b>	<b>1,615,152</b>	<b>1,732,888</b>	<b>1,732,888</b>

# FIVE-YEAR FINANCIAL PLAN

## *Fund Summaries and Five-Year Plan*

### Proposed FY 2004/05 Budget Five Year Financial Plan Trust Funds

	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
<b>Beginning Fund Balance:</b>					
Street Light Districts	983,227	983,227	983,227	983,227	983,227
Downtown Enhanced Service District	45,320	45,320	45,320	45,320	45,320
Mayor's Committee for Employment of the Handicapped	9,581	9,581	9,581	9,581	9,581
Scottsdale Memorial Hospital Redevelopment	694,760	694,760	694,760	694,760	694,760
<b>Total Beginning Fund Balance</b>	<b>1,732,888</b>	<b>1,732,888</b>	<b>1,732,888</b>	<b>1,732,888</b>	<b>1,732,888</b>
<b>Revenues:</b>					
Trusts	-	-	-	-	-
Street Light Districts	514,600	516,900	516,900	519,400	1,030,000
Downtown Enhanced Municipal Services District	540,700	543,100	548,700	553,500	686,000
Mayor's Committee for Employment of the Handicapped	10,000	10,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	435,400	-	-	-	-
<b>Subtotal</b>	<b>1,500,700</b>	<b>1,070,000</b>	<b>1,075,600</b>	<b>1,082,900</b>	<b>1,726,000</b>
<b>Total Revenues</b>	<b>1,500,700</b>	<b>1,070,000</b>	<b>1,075,600</b>	<b>1,082,900</b>	<b>1,726,000</b>
<b>Use of Funds:</b>					
<b>Expenditures:</b>					
Trusts	-	-	-	-	-
Street Light Districts	514,600	516,900	516,900	519,400	1,030,000
Downtown Enhanced Municipal Services District	540,700	543,100	548,700	553,500	686,000
Mayor's Committee for Employment of the Handicapped	10,000	10,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	435,400	-	-	-	-
<b>Subtotal</b>	<b>1,500,700</b>	<b>1,070,000</b>	<b>1,075,600</b>	<b>1,082,900</b>	<b>1,726,000</b>
<b>Total Expenditures</b>	<b>1,500,700</b>	<b>1,070,000</b>	<b>1,075,600</b>	<b>1,082,900</b>	<b>1,726,000</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>-</b>	<b>-</b>			
<b>Ending Fund Balance/Reserve</b>					
Street Light Districts	983,227	983,227	983,227	983,227	983,227
Downtown Enhanced Municipal Services District	45,320	45,320	45,320	45,320	45,320
Mayor's Committee for Employment of the Handicapped	9,581	9,581	9,581	9,581	9,581
Scottsdale Memorial Hospital Redevelopment	694,760	694,760	694,760	694,760	694,760
<b>Total Ending Fund Balance</b>	<b>1,732,888</b>	<b>1,732,888</b>	<b>1,732,888</b>	<b>1,732,888</b>	<b>1,732,888</b>

## FUND SUMMARIES

## Fund Summaries and Five-Year Plan

### Proposed FY 2004/05 Budget Fund Summaries Capital Improvement Plan

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Proposed 2004/05
<b>Source of Funds:</b>				
<b>Beginning Fund Balance</b>	<b>271,432,849</b>	<b>398,378,400</b>	<b>273,675,584</b>	<b>402,148,000</b>
<b>Revenues</b>				
Bonds/Contracts				
General Obligation	-	39,500,000	48,000,000	-
General Obligation Preserve	-	50,000,000	65,400,000	-
Improvement District	-	-	-	-
Municipal Properties Corporation	-	7,100,000	-	25,100,000
Municipal Properties Corporation-Water	-	-	55,000,000	-
Municipal Properties Corporation-Sewer	-	-	20,000,000	-
Pay-As-You-Go				
Water & Sewer Development Fees	25,840,742	13,600,000	-	16,779,500
Extra Capacity Development Fee	-	-	-	-
Grants	-	6,368,700	6,368,700	8,199,900
Other Contributions	-	2,488,300	2,488,300	16,701,000
Interest Earnings	1,843,552	5,063,000	5,063,000	2,758,300
Miscellaneous	3,618,498	958,500	958,500	1,065,400
<b>Subtotal</b>	<b>31,302,792</b>	<b>125,078,500</b>	<b>203,278,500</b>	<b>70,604,100</b>
<b>Transfers In</b>				
From General Fund	13,659,800	6,825,300	6,825,300	12,502,900
From Highway User Fund	73,300	73,500	73,500	74,812
From Special Projects Fund	70,000	373,500	373,500	613,700
From Transportation Privilege (Sales) Tax Fund	14,162,448	9,823,200	9,107,280	9,398,713
From Aviation Fund	260,400	407,900	407,900	823,900
From Water & Sewer Funds	49,603,771	35,359,213	33,050,456	23,986,568
From Solid Waste Fund	801,200	18,500	18,500	279,900
From Internal Service Funds	1,032,300	532,300	532,300	1,653,200
From Grant Fund	1,613,989	-	-	-
<b>Total Transfers In</b>	<b>81,277,208</b>	<b>53,413,413</b>	<b>50,388,736</b>	<b>49,333,693</b>
<b>Total Revenues &amp; Transfers In</b>	<b>112,580,000</b>	<b>178,491,913</b>	<b>253,667,236</b>	<b>119,937,793</b>
<b>Use of Funds:</b>				
<b>Program Expenditures</b>				
Community Facilities	17,360,684	76,087,200	10,128,922	134,225,100
Preservation	17,154,697	70,411,800	15,360,167	108,741,300
Neighborhood Drainage & Flood Control	3,471,927	12,320,500	2,841,211	22,456,800
Improvement Districts	3,655,200	4,750,500	30,731	-
Public Safety	3,323,043	18,581,100	5,615,230	51,194,200
Service Facilities	3,032,470	13,041,000	2,533,347	21,387,800
Transportation	19,718,492	119,959,700	23,446,670	139,285,300
Water Resources	37,662,471	180,426,300	31,231,432	253,037,400
<b>Subtotal</b>	<b>105,378,984</b>	<b>495,578,100</b>	<b>91,187,710</b>	<b>730,327,900</b>
Unexpended at Year End	-	(240,714,200)	-	(501,776,500)
<b>Total Capital Improvement Budget</b>	<b>105,378,984</b>	<b>254,863,900</b>	<b>91,187,710</b>	<b>265,958,800</b>
<b>Transfers Out</b>				
To Water & Sewer Operating Funds	4,958,281	4,969,900	4,969,900	6,558,100
<b>Subtotal</b>	<b>4,958,281</b>	<b>4,969,900</b>	<b>4,969,900</b>	<b>6,558,100</b>
<b>Total Expenditures &amp; Transfers</b>	<b>110,337,265</b>	<b>259,833,800</b>	<b>96,157,610</b>	<b>272,516,900</b>
<b>Ending Fund Balance</b>	<b>\$ 273,675,584</b>	<b>\$ 317,036,513</b>	<b>\$ 431,185,210</b>	<b>\$ 249,568,893</b>

# FIVE-YEAR FINANCIAL PLAN

## Fund Summaries and Five-Year Plan

Proposed FY 2004/05 Budget Five-Year Financial Plan Capital Improvement Plan (in thousands)					
	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
<b>Beginning Fund Balance *</b>	<b>402,148.0</b>	<b>249,568.9</b>	<b>183,264.9</b>	<b>113,256.7</b>	<b>70,448.5</b>
<b>Revenues</b>					
Bonds/Contracts					
General Obligation	-	67,000.0	35,000.0	14,000.0	19,000.0
Municipal Properties Corporation	25,100.0	28,027.5	-	-	-
Municipal Properties Corporation-Water		18,000.0	-	13,000.0	-
Pay-As-You-Go					
Water & Sewer Development Fees	16,779.5	17,199.0	17,629.0	18,069.7	18,521.4
Extra Capacity Development Fee	-	-	-	-	11,000.0
Grants	8,199.9	4,392.3	4,976.1	180.0	713.0
Other Contributions	16,701.0	6,856.0	1,814.0	150.0	150.0
Interest Earnings	2,758.3	3,075.1	2,954.8	2,820.5	2,362.3
Miscellaneous	1,065.4	150.3	635.3	150.3	0.3
<b>Subtotal</b>	<b>70,604.1</b>	<b>144,700.2</b>	<b>63,009.2</b>	<b>48,370.5</b>	<b>51,747.0</b>
<b>Transfers In</b>					
General Fund	12,502.9	10,356.5	11,181.7	8,328.9	6,196.3
Highway User Fund	74.8	73.0	73.7	73.7	73.7
Special Projects Fund	613.7	683.5	1.8	2.0	2.0
Transportation Privilege Tax Fund	9,398.7	9,699.5	10,039.0	10,390.3	10,702.0
Aviation Fund	823.9	463.9	19.1	533.8	661.8
Water & Sewer Fund	23,986.6	27,761.9	37,346.3	39,338.9	42,612.8
Solid Waste Fund	279.9	81.4	460.2	336.5	3,618.5
Internal Service Funds	1,653.2	37.0	37.1	37.6	37.6
<b>Subtotal</b>	<b>49,333.7</b>	<b>49,156.7</b>	<b>59,158.8</b>	<b>59,041.7</b>	<b>63,904.8</b>
<b>Sub-Total Revenues &amp; Transfers In</b>	<b>119,937.8</b>	<b>193,856.9</b>	<b>122,168.0</b>	<b>107,412.2</b>	<b>115,651.7</b>
<b>Total Sources of Funds</b>	<b>522,085.8</b>	<b>443,425.8</b>	<b>305,432.9</b>	<b>220,668.8</b>	<b>186,100.2</b>
<b>Use of Funds:</b>					
Community Facilities	134,225.1	38,412.9	20,703.6	6,419.7	790.6
Preservation	108,741.3	200.0	2,000.0	-	-
Neighborhood Drainage & Flood Control	22,456.8	16,496.9	6,634.6	150.0	-
Public Safety	51,194.2	14,857.6	979.0	6.5	4,075.1
Service Facilities	21,387.8	5,358.9	12,248.3	5,506.5	8,676.5
Transportation	139,285.3	52,008.3	37,814.7	17,670.0	15,161.0
Water Services	253,037.4	48,255.2	30,657.0	54,921.0	13,588.0
Prior Year Unexpended *	-	464,369.1	386,356.5	311,726.1	252,643.8
<b>Total Capital Improvement Plan Budget</b>	<b>730,327.9</b>	<b>639,958.9</b>	<b>497,393.7</b>	<b>396,399.8</b>	<b>294,935.0</b>
<b>Less: Estimated Inception to Date Expenditures</b>	<b>(265,958.8)</b>	<b>(253,602.4)</b>	<b>(185,667.5)</b>	<b>(143,756.0)</b>	<b>(108,163.6)</b>
<b>Subtotal: Unexpended at Year End</b>	<b>464,369.1</b>	<b>386,356.5</b>	<b>311,726.1</b>	<b>252,643.8</b>	<b>186,771.4</b>
<b>Transfers Out</b>					
To Water/Sewer Operating Funds	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
<b>Subtotal</b>	<b>6,558.1</b>	<b>6,558.5</b>	<b>6,508.7</b>	<b>6,464.3</b>	<b>6,408.9</b>
<b>Total Use of Funds</b>	<b>272,516.9</b>	<b>260,160.9</b>	<b>192,176.2</b>	<b>150,220.3</b>	<b>114,572.5</b>
<b>Ending Fund Balance</b>	<b>249,568.9</b>	<b>183,264.9</b>	<b>113,256.7</b>	<b>70,448.5</b>	<b>71,527.7</b>

\* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses).

# TOTAL APPROPRIATION

## Fund Summaries and Five-Year Plan

Proposed FY 2004/05 Budget Total Appropriation by Fund								
	General Fund	Special Revenue	Debt Service	Enterprise	Internal Service	Trust	Capital	Total
<b>Source of Funds:</b>								
<b>Beginning Fund Balance/Reserve</b>	<b>\$ 44,611,229</b>	<b>\$ 22,323,957</b>	<b>\$ 10,533,260</b>	<b>\$ 36,318,808</b>	<b>\$ 27,344,453</b>	<b>\$ 1,732,888</b>	<b>\$402,148,000</b>	<b>\$ 545,012,595</b>
<b>Revenues</b>								
Taxes - Local								
Privilege Tax	84,821,709	-	-	-	-	-	-	84,821,709
Privilege Tax - Transportation	-	15,664,522	-	-	-	-	-	15,664,522
Privilege Tax - Preservation	-	27,929,362	-	-	-	-	-	27,929,362
Privilege Tax - Public Safety	-	7,775,323	-	-	-	-	-	7,775,323
Property Tax	17,630,083	-	26,858,978	-	390,256	-	-	44,879,317
Transient Occupancy Tax	6,732,000	-	-	-	-	-	-	6,732,000
Light & Power Franchise	5,216,433	-	-	-	-	-	-	5,216,433
Cable TV	2,600,000	-	-	-	-	-	-	2,600,000
Salt River Project Lieu Tax	202,864	-	-	-	-	-	-	202,864
Fire Insurance Premium	500,666	-	-	-	-	-	-	500,666
Taxes - From Other Agencies								
State Shared Sales Tax	16,538,855	-	-	-	-	-	-	16,538,855
State Revenue Sharing	18,016,757	-	-	-	-	-	-	18,016,757
Transportation								
Highway User Revenue Tax	-	13,916,954	-	-	-	-	-	13,916,954
Auto Lieu Tax	7,844,418	-	-	-	-	-	-	7,844,418
Local Trans Assistance Fund	-	1,146,323	-	-	-	-	-	1,146,323
Internal Service Charges								
Fleet Management	-	-	-	-	11,469,074	-	-	11,469,074
Self-Insurance	-	-	-	-	17,428,146	-	-	17,428,146
Licenses, Permits & Fees								
Development Permits & Fees	14,250,000	-	-	-	-	-	16,779,500	31,029,500
Business Licenses & Fees	1,826,664	-	-	-	-	-	-	1,826,664
Recreation Fees	2,237,584	-	-	-	-	-	-	2,237,584
WestWorld	1,587,537	-	-	-	-	-	-	1,587,537
Fines & Forfeitures								
Court Fines	3,916,833	-	-	-	-	-	-	3,916,833
Parking Fines	209,015	-	-	-	-	-	-	209,015
Photo Radar	1,117,908	-	-	-	-	-	-	1,117,908
Library Fines & Fees	404,573	-	-	-	-	-	-	404,573
Interest Earnings/Property Rental								
Interest Earnings	1,575,000	595,200	-	4,268,597	832,144	-	2,758,300	10,029,241
Property Rental	3,370,000	-	-	-	-	-	-	3,370,000
Utilities & Enterprises								
Water Charges	-	-	-	73,630,928	-	-	-	73,630,928
Stormwater Water Quality Charge	-	-	-	612,000	-	-	-	612,000
Sewer Charges	-	-	-	26,080,588	-	-	-	26,080,588
Refuse/Recycling	-	-	-	16,722,321	-	-	-	16,722,321
Airport	-	-	-	2,852,980	-	-	-	2,852,980
Other Revenue								
Grant & Trust	-	19,229,833	-	-	-	1,500,700	8,199,900	28,930,433
Improvement District Assessments	-	-	2,792,383	-	-	-	-	2,792,383
Miscellaneous	1,200,000	-	-	-	177,218	-	17,766,400	19,143,618
TSA/CSA Revenue	1,321,489	-	-	-	-	-	-	1,321,489
Special Programs Revenue	-	2,423,084	-	-	-	-	-	2,423,084
Bond Proceeds	-	-	-	-	-	-	25,100,000	25,100,000
CIP Unexpended Prior Year	-	-	-	-	-	-	464,369,100	464,369,100
Less Internal Service Funds Offset	-	-	-	-	(27,467,676)	-	-	(27,467,676)
<b>Subtotal</b>	<b>193,120,389</b>	<b>88,680,601</b>	<b>29,651,361</b>	<b>124,167,414</b>	<b>2,829,162</b>	<b>1,500,700</b>	<b>534,973,200</b>	<b>974,922,826</b>
<b>Transfers In</b>								
Operating Transfers								
From General Fund	-	3,706,369	-	106,181	600,000	-	12,502,900	16,915,450
From Special Revenue Funds	3,500,000	-	19,974,129	-	-	-	10,087,225	33,561,354
From Enterprise Funds	1,241,767	-	-	-	-	-	25,090,368	26,332,135
From Internal Service Funds	-	-	-	-	-	-	1,653,200	1,653,200
From Capital Improvement Fund	-	-	-	6,558,100	-	-	-	6,558,100
Transfers to Gen Fund from Enterprise	-	-	-	-	-	-	-	-
In-Lieu Property Tax	2,517,313	-	-	-	-	-	-	2,517,313
Indirect Cost Allocation	8,635,220	-	-	-	-	-	-	8,635,220
Franchise Fee	5,182,326	-	-	-	-	-	-	5,182,326
<b>Subtotal</b>	<b>21,076,626</b>	<b>3,706,369</b>	<b>19,974,129</b>	<b>6,664,281</b>	<b>600,000</b>	<b>-</b>	<b>49,333,693</b>	<b>101,355,098</b>
<b>Other Activity</b>								
Reserve Appropriations								
Economic Investment	3,860,550	-	-	-	-	-	-	3,860,550
Operating Contingency	2,500,000	1,850,000	-	-	-	250,000	2,500,000	7,100,000
Solid Waste	-	-	-	500,000	-	-	-	500,000
Self-Insurance	-	-	-	-	2,000,000	-	-	2,000,000
Water/Sewer	-	-	-	1,000,000	-	-	-	1,000,000
Carryover/Rebudgets	9,600,000	-	-	3,150,000	2,000,000	-	-	14,750,000
<b>Subtotal</b>	<b>15,960,550</b>	<b>1,850,000</b>	<b>-</b>	<b>4,650,000</b>	<b>4,000,000</b>	<b>250,000</b>	<b>2,500,000</b>	<b>29,210,550</b>
<b>Total Revenues &amp; Transfers In</b>	<b>230,157,565</b>	<b>94,236,970</b>	<b>49,625,490</b>	<b>135,481,695</b>	<b>7,429,162</b>	<b>1,750,700</b>	<b>586,806,893</b>	<b>1,105,488,474</b>

(continued on next page)

# TOTAL APPROPRIATION

## Fund Summaries and Five-Year Plan

(continued)

### Proposed FY 2004/05 Budget Total Appropriation by Fund

	General Fund	Special Revenue	Debt Service	Enterprise	Internal Service	Trust	Capital	Total
<b>Use of Funds:</b>								
<b>Departments</b>								
General Government	20,789,827	300,541	-	-	-	-	-	21,090,368
Police	57,319,129	374,785	-	-	-	-	-	57,693,914
Financial Services	7,713,754	-	-	2,728,820	16,737,224	-	-	27,179,798
Transportation	-	10,261,984	-	1,389,691	-	-	-	11,651,675
Community Services	41,884,654	2,658,612	-	-	-	-	-	44,543,266
Information Systems	7,937,856	-	-	-	-	-	-	7,937,856
Fire	20,989,642	-	-	-	-	-	-	20,989,642
Water Resources	-	-	-	42,833,310	-	-	-	42,833,310
Municipal Services	553,273	11,468,390	-	12,397,545	10,363,697	-	-	34,782,905
Citizen & Neighborhood Resources	2,829,902	19,692	-	-	-	-	-	2,849,594
Human Resources	3,432,695	7,200	-	-	-	-	-	3,439,895
Economic Vitality	6,280,477	-	-	-	-	-	-	6,280,477
Planning & Development Services	12,815,207	20,608	-	-	-	-	-	12,835,815
Estimated Department Savings	(500,000)	-	-	(1,000,000)	-	-	-	(1,500,000)
Estimated Vacant Position Savings	(500,000)	-	-	-	-	-	-	(500,000)
Estimated Public Safety Tax Uses	3,500,000	-	-	-	-	-	-	3,500,000
Less Internal Service Fund Offsets	-	-	-	-	(27,467,676)	-	-	(27,467,676)
<b>Subtotal</b>	<b>185,046,416</b>	<b>25,111,812</b>	<b>-</b>	<b>58,349,366</b>	<b>(366,755)</b>	<b>-</b>	<b>-</b>	<b>268,140,839</b>
<b>Grant and Trust Activity</b>								
Community Dev Block Grants/HOME/Sec 8	-	7,372,542	-	-	-	-	-	7,372,542
Other Federal & State Grants	-	11,857,291	-	-	-	-	-	11,857,291
Trust Funds	-	-	-	-	-	1,500,700	-	1,500,700
<b>Subtotal</b>	<b>-</b>	<b>19,229,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,700</b>	<b>-</b>	<b>20,730,533</b>
<b>Capital Improvements</b>								
Community Facilities	-	-	-	-	-	-	134,225,100	134,225,100
Preservation	-	-	-	-	-	-	108,741,300	108,741,300
Neighborhood Drainage and Flood Control	-	-	-	-	-	-	22,456,800	22,456,800
Public Safety	-	-	-	-	-	-	51,194,200	51,194,200
Service Facilities	-	-	-	-	-	-	21,387,800	21,387,800
Transportation Improvements	-	-	-	-	-	-	139,285,300	139,285,300
Water and Wastewater	-	-	-	-	-	-	253,037,400	253,037,400
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>730,327,900</b>	<b>730,327,900</b>
<b>Debt Service</b>								
General Obligation Bonds	-	-	26,858,978	5,353,855	-	-	-	32,212,833
General Obligation Bonds-Preserve	-	-	13,113,344	-	-	-	-	13,113,344
Preserve Authority Revenue Bonds	-	-	6,860,785	-	-	-	-	6,860,785
Revenue Bonds	-	3,120,269	-	6,524,524	-	-	-	9,644,793
MPC Bonds	7,571,002	-	-	7,800,156	-	-	-	15,371,158
Special Assessment Bonds	-	-	2,792,383	-	-	-	-	2,792,383
Contracts	4,542,962	955,115	-	-	-	-	-	5,498,077
<b>Subtotal</b>	<b>12,113,964</b>	<b>4,075,384</b>	<b>49,625,490</b>	<b>19,678,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,493,373</b>
<b>Other Activity</b>								
Reserve Appropriations	-	-	-	-	-	-	-	-
Economic Investment	3,860,550	-	-	-	-	-	-	3,860,550
Operating Contingency	2,500,000	1,850,000	-	-	-	250,000	2,500,000	7,100,000
Solid Waste	-	-	-	500,000	-	-	-	500,000
Self-Insurance	-	-	-	-	2,000,000	-	-	2,000,000
Water/Sewer	-	-	-	1,000,000	-	-	-	1,000,000
Carryover/Rebudgets	9,600,000	-	-	3,150,000	2,000,000	-	-	14,750,000
<b>Subtotal</b>	<b>15,960,550</b>	<b>1,850,000</b>	<b>-</b>	<b>4,650,000</b>	<b>4,000,000</b>	<b>250,000</b>	<b>2,500,000</b>	<b>29,210,550</b>
<b>Total Budget</b>	<b>213,120,930</b>	<b>50,267,029</b>	<b>49,625,490</b>	<b>82,677,901</b>	<b>3,633,245</b>	<b>1,750,700</b>	<b>732,827,900</b>	<b>1,133,903,195</b>
<b>Transfers Out</b>								
Capital Improvement Program	12,502,900	10,087,225	-	25,090,368	1,653,200	-	-	49,333,693
Operating Transfers	-	-	-	-	-	-	-	-
To General Fund	-	3,500,000	-	1,241,767	-	-	-	4,741,767
To Special Revenue Fund	3,706,369	-	-	-	-	-	-	3,706,369
To Debt Service Fund	-	19,974,129	-	-	-	-	-	19,974,129
To Internal Service Fund	600,000	-	-	-	-	-	-	600,000
To Enterprise Fund	106,181	-	-	-	-	-	6,558,100	6,664,281
Enterprise Transfers	-	-	-	-	-	-	-	-
In-Lieu Property Tax	-	-	-	2,517,313	-	-	-	2,517,313
Indirect Cost Allocation	-	-	-	8,635,220	-	-	-	8,635,220
Franchise Fee	-	-	-	5,182,326	-	-	-	5,182,326
<b>Subtotal</b>	<b>16,915,450</b>	<b>33,561,354</b>	<b>-</b>	<b>42,666,994</b>	<b>1,653,200</b>	<b>-</b>	<b>6,558,100</b>	<b>101,355,098</b>
<b>Total Expenditures &amp; Transfers Out</b>	<b>230,036,380</b>	<b>83,828,383</b>	<b>49,625,490</b>	<b>125,344,895</b>	<b>5,286,445</b>	<b>1,750,700</b>	<b>739,386,000</b>	<b>1,235,258,293</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>121,185</b>	<b>10,408,587</b>	<b>-</b>	<b>10,136,800</b>	<b>2,142,717</b>	<b>-</b>	<b>(152,579,107)</b>	<b>(129,769,819)</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$ 44,732,414</b>	<b>\$ 32,732,544</b>	<b>\$ 10,533,260</b>	<b>\$ 46,455,608</b>	<b>\$ 29,487,170</b>	<b>\$ 1,732,888</b>	<b>\$249,568,893</b>	<b>\$415,242,776</b>



### Legal Compliance and Financial Management

To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the City's accounting and budget structure is segregated into various funds. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes; for example, Special Revenue Funds are used to account for the expenditure of restricted revenues, while Enterprise Funds account for self-sustaining "business" related activities for which a fee is charged to cover all costs associated with that business. The General Fund is the City's chief operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

A detailed overview of the City's budgeted revenues, expenditures, and fund balance by fund is presented in this section.

### Fund Accounting - Fund Types

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The **General Fund** is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following seven Special Revenue Funds: Highway User Revenue, Transportation Privilege Tax (.20%), 1995 Preservation Privilege Tax (.20%), 2004 Preservation Privilege Tax (.15%), Public Safety Privilege Tax (.10%), Special Programs, and Grants.

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

**Enterprise Funds** are used to account for operations, including debt service, that are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, Solid Waste, and Aviation activities.

**Internal Service Funds** are used to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

**Trust Funds** are used to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

**Capital Improvement Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City maintains several Capital Project funds to ensure legal compliance and financial management for various restricted revenues. Examples of restricted revenue funds are:

- **Bond Funds** – are used to account for bond proceeds to be used only for approved bond projects.
- **Transportation Privilege Tax Capital Fund** – are used to account solely for transportation projects.
- **Grant Capital Funds** – are used to account for the proceeds of capital grants.
- **Enterprise Capital Funds** – are used to account for utility rates and development fees for specific projects.
- **Unrestricted General Capital Fund** – are used to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

The following pages summarize  
Scottsdale's Program Budget  
Revenues, Expenditures and  
Individual Fund Balance/  
Reserves by Fund.

See glossary for Expenditure  
Type definitions.

## General Fund

### *General Fund*

#### Fund Purpose

The General Fund exists to account for the activity associated with traditional local government services such as police, fire, parks and recreation, planning and economic development and general City administration. Under Arizona State law, each city and town must maintain a General Fund and a Highway User Revenue Fund (see Special Revenue Fund section). The General Fund is the largest fund and typically the fund of most interest and significance to citizens.

#### General Fund Revenues and Transfers-In

General Fund resources include both revenues and transfers-in from other fund types such as the Special Revenue, Enterprise and Internal Service Funds. Estimated total revenues and transfers-in for FY 2004/05 increased approximately \$9.1 million (4.5%) from the FY 2003/04 year-end estimate. The increase from the prior year-end estimate is attributable primarily to increases in transaction privilege (sales) taxes \$2.6 million (3.2%), the primary property tax revenue \$1.1 million (6.4%), court fines and forfeitures \$0.8 million (18.2%), TSA/CSA revenue \$1.3 million (100.0%) and special revenue transfer-in from the 2004 public safety sales tax fund of \$3.5 million (100.0%), which is contingent on the May 18th vote to increase the sales tax rate. Also, the state-shared revenues are projected to increase \$0.3 million (.9%), while this is not a large dollar or percentage increase the significance rests in the fact this represents the reversal of a multi-year declining trend in a major funding source. Growth in other revenues such as licenses, permits, fines and fees are expected to be much lower than in recent years and slow revenue growth is anticipated for Arizona and Scottsdale in the future. The development and permit fees are projected to decline \$0.8 million (5.0%) over the very strong FY 2003/04 performance. Revenue and transfers-in determine Scottsdale's capacity to provide program services to our citizens. The major resources, which fund the program operating budget, debt service and capital projects, are identified below.

#### Local Tax Revenues

Local Tax Revenues of \$117.7 million represent 55.0% of the General Fund total operating resources and are the fund's largest category of revenue source. With the exception of property taxes, these are all "elastic" revenues, meaning they vary directly with the economy – when the economy is good, they increase, as people are spending money and traveling, and during an economic downturn, the opposite is true. Local Taxes Revenues consist of the following:

**Transaction Privilege (Sales) Tax** represents the General Fund's 1.0 percent share of the City of Scottsdale's 1.4 percent local sales tax. The remaining 0.4 percent of the local sales tax is dedicated 0.2 percent to the Transportation Privilege Tax Fund and 0.2 percent to the 1995 Preservation Privilege Tax Fund (both are Special Revenue Funds). This revenue also includes sales tax application and penalty fees. This revenue is the General Fund's single largest revenue source and the General Fund portion of the tax is used to pay for general governmental operations and the repayment of excise debt. For FY 2004/05 this revenue is forecasted to be \$84.8 million, which is a \$2.6 million, or 3.2% increase over the FY 2003/04 year-end estimate of \$82.2 million. The increase in the general sales tax represents the early stages of a national, state and local economic recovery. However, this slight increase in the sales tax revenues is nowhere near the City's mid to late 1990's

#### Transaction Privilege (Sales) Tax Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$84.8	\$84.8*
2003/04	\$77.4	\$82.2*
2002/03	\$84.0	\$79.7
2001/02	\$79.1	\$80.3

experience, when it saw nine consecutive years double-digit growth in sales tax revenue growth. The tentative nature of the national, state and local economies, slow job growth and unemployment, and the on-going threat of terrorism make it difficult to predict with certainty if the projected improvement is the start of a long-term economic recovery or a short-lived surge.

**Primary Property Tax** represents the General Fund's portion of the Primary Property Tax which is levied on the assessed value of all property within the City to help pay for City general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a 2 percent increase per year, plus an allowance for annexations and new construction. Another component of the primary property tax accounts for the reimbursement to the City for the cost of liability claim judgments as allowed by State Statute. This component becomes revenue to the City's Self-Insurance Fund and will be discussed more fully in the Internal Service Funds section. Primary property tax accounts for 8.3% of the total projected FY 2004/05 General Fund resources. The FY 2004/05 revenue forecast of \$17.6 million represents an increase of slightly less than \$1.1 million or 6.4% from the FY 2003/04 year-end estimate of \$16.6 million. The increase in revenue is due to an increase in assessed valuations – 6.2% average increase in existing properties and 4.6% from new construction. The primary property tax rate of \$0.45 per \$100 of assessed valuation will result in an annual levy of \$45 for the owner of a home valued at \$100,000.

**Transient Occupancy ("bed") Tax** comes from Scottsdale collecting a 3 percent Transient Occupancy Tax on hotel and motel room rentals in addition to the sales tax. Currently, one-third of this tax is used to pay for General Fund operations. Per City Ordinance 2049/2702 (amended), the other two-thirds is restricted for use for tourism and hospitality purposes and pays for contracts to increase tourism and debt service for destination attractions. The proposed FY 2004/05 budget recommends the Council consider amending the ordinance and increasing the allocation from 66.7 percent to 80 percent and continue supporting tourism and hospitality development purposes. The remaining 20% would continue to be used pay for General Fund operations. The adopted FY 2004/05 budget of \$6.7 million reflects approximately a \$132,000 or 2.0% increase from the FY 2003/04 year-end estimate of \$6.6 million. The ongoing uncertainty regarding the economic recovery and concerns over acts of terrorism are likely to continue influence business and pleasure travel. Additionally, growing competition with more rooms available at new resorts in neighboring jurisdictions limits the likelihood of significant growth in this revenue in FY 2004/05 and beyond.

Primary Property Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$17.6	\$17.6*
2003/04	\$16.6	\$16.6*
2002/03	\$15.4	\$15.6
2001/02	\$14.3	\$13.7

Transient Occupancy ("bed") Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.7	\$6.7*
2003/04	\$6.6	\$6.6*
2002/03	\$7.6	\$6.7
2001/02	\$7.9	\$6.7

**Other Taxes — Franchise, In-Lieu Property Tax and Fire Insurance Premium** are budgeted at \$8.5 million in FY 2004/05 and include franchise taxes charged on revenues from utility companies and cable companies for use of City right-of-ways, an in-lieu property tax for municipal utilities, and a fire insurance premium tax, which is used to help supplement fire protection service costs. The light and power franchise is projected to increase a very nominal 2.0% or \$0.1 million. The cable TV franchise tax and Salt River Project In Lieu Tax are projected to remain at the FY 2003/04 year-end estimates, which more accurately reflect the actual revenue collection trends. The fire insurance premium revenue is projected to have the greatest percent increase at 17.8% or \$76,000. The increase is driven by increased property insurance rates, which serve as the basis for applying the tax.

Other Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$8.5	\$8.5*
2003/04	\$8.3	\$8.3*
2002/03	\$8.2	\$8.2
2001/02	\$6.5	\$8.0

### State-Shared Tax Revenues

State-Shared Tax Revenues include the state sales tax, income tax collections, and auto lieu tax, which are shared with all cities and towns throughout the state and represent \$42.4 million or 19.8% of the total General Fund resources. The formula for distribution of the sales and income tax revenue is based upon the relation of the City's population to the total state population. The State Department of Revenue collects and distributes funds and provides revenue forecasts to cities and towns for these revenue sources. The auto lieu tax is shared based on the City's population in relation to the total incorporated population of Maricopa County. Scottsdale's portion of the state-shared taxes is expected to increase in FY 2004/05 by nearly \$0.5 million or 1.1% from the FY 2003/04 year-end estimate of \$41.9 million. The slow emerging economic recovery is the main reason for the increase. The projected state-shared revenues do not factor in any reduction that may result from actions of the state legislature. Looking forward, the consensus for the economic growth statewide and the region is slow. Our conservative budget estimates for state-shared revenues project slow to no growth for these revenue sources. State-Shared Revenues consist of the following:

**State Sales Tax** for FY 2004/05 is expected to be \$16.5 million, which represents an extremely modest increase of \$0.3 million or 2.0% from the FY 2003/04 year-end estimate. Cities and towns share in a portion of the 5 percent sales tax collected by the State – the State retains 50.0%, schools are designated to receive 40.0%, and the remaining 10.0% is allocated to cities and towns based on percentage of population. Our FY 2004/05 forecast and beyond is conservative. Future budget years assume an annual increase of approximately 2.0% over the five-year forecast period. The exception is FY 2006/07, which reflects a decrease resulting for the mid-decade Special Census that will likely have an adverse impact on the City's share, as faster growth cities and towns within the state receive an increased proportion of the overall pool of state-shared revenues.

State Sales Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.5	\$16.5*
2003/04	\$15.4	\$16.2*
2002/03	\$15.8	\$15.9
2001/02	\$16.7	\$15.6

**State Income Tax** budget of \$18.0 million for FY 2004/05 is projected to remain flat with the current year-end estimate. The state-shared income revenue projection is based on conservative estimates, and the expectation any income increases realized by citizens in FY 2004/05 from the emerging economic recovery would not be realized immediately by the City. This is due to the two-year lag between the time citizens earn and report results to the State and then the State submits the actual revenues to cities and towns. Cities and towns in Arizona are prohibited from levying an income tax; however, they are entitled to 15 percent of state income tax collections from two years previous. For example, the revenue distribution for FY 2004/05 will come from the income tax paid in 2002, on income earned in calendar year 2001. Like the State Sale Tax our FY 2004/05 forecast and beyond is conservative. Future budget years assume an annual increase of approximately 1.0% over the five-year forecast period. The exception is FY 2006/07, which again reflects a decrease resulting for the mid-decade Special Census that will likely have an adverse impact on the City's share, as faster growth cities and towns within the state receive an increased proportion of the overall pool of state-shared revenues.

State Income Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$18.0	\$18.0*
2003/04	\$18.0	\$18.0*
2002/03	\$21.1	\$21.6
2001/02	\$20.8	\$21.1

**State Auto Lieu Tax** is part of the vehicle license fees collected by Maricopa County, but is actually a State revenue source. The City receives its share of the vehicle license tax collection based on its population in relation to the total incorporated population of Maricopa County. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The City has designated these tax proceeds for transportation services. The budget for FY 2004/05 is projected to be \$7.8 million, which represents an increase from the FY 2003/04 year-end estimate of nearly \$0.2 million or 2.0%.

State Auto Lieu Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7.8	\$7.8*
2003/04	\$6.9	\$7.7*
2002/03	\$6.7	\$8.0
2001/02	\$6.9	\$6.7

**Licenses, Permits & Fees Revenues**

Licenses, Permits & Fees Revenues include revenue from various business licenses, all fees recovered as a part of the development process, and recreation fees. This category includes building, electrical, mechanical, and plumbing permits, as well as Subdivision, zoning, and plan check fees. Recreation Fees include revenue from the various recreational programs, classes, entry fees, and WestWorld Equestrian Facility event revenue. In accordance with Scottsdale's financial policy, all fees and charges are reviewed annually.

Scottsdale's development activity is slowing as our community is changing from growth oriented to a maturing community focused more on sustaining its high quality of life. New commercial and residential construction activity is expected to continue, but at a slower pace, due to the attractiveness of Scottsdale, the low commercial vacancy rates along with historically low mortgage interest rates. Licenses, Permits & Fees Revenue consist of the following:

**Development Permits & Fees** in FY 2004/05 are expected to be approximately \$14.3 million, which is nearly a \$0.8 million or 5.0% decline from the FY 2003/04 year-end revenue estimate. Commercial construction is expected to remain steady as a result of the completion of the Pima (101) Freeway, which will spur activity in the Perimeter Center and Horseman's Park areas and the Stack 40 project, as well as continued investment in the Scottsdale Airpark area. The focus on downtown revitalization projects such as Loloma Museum and the Waterfront will continue development activity. Additionally, there exists the possible start of large in-fill projects such as Los Arcos, Northsight, and the former PCS site.

The housing growth that continues to occur will be focused more on the custom home segment with values over \$400,000 while the construction of production homes and multi-family housing will continue to decline as less land is available for their construction. In addition, single-family remodeling and fix-up activity has been increasing at a fast pace and likely will grow more as the housing stock matures and less undeveloped raw land is available.

While the FY 2004/05 development permit revenue forecast is conservative when compared to historical trends, it factors in the complexity and changing nature of the development activity expected throughout the City. These trends are continually monitored in order to make management adjustments during each fiscal year. The FY 2004/05 budget includes no proposed increase in the development fees.

**Business Licenses & Fees** in FY 2004/05 are budgeted at \$1.8 million, reflecting a nominal increase of 4.0% from the FY 2003/04 year-end estimate. The increase is based on historic growth trends.

Development Permit & Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$14.3	\$14.3*
2003/04	\$13.5	\$15.0*
2002/03	\$15.5	\$15.4
2001/02	\$19.0	\$15.7

Business Licenses & Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.8	\$1.8*
2003/04	\$1.8	\$1.8*
2002/03	\$1.7	\$1.8
2001/02	\$1.7	\$1.8

## GENERAL FUND - REVENUE

## Budget by Fund

**Recreation Fees** are budgeted at \$2.2 million and include revenue from the various recreational programs, classes and entry fees. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually.

Recreation Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.2	\$2.2*
2003/04	\$2.2	\$2.2*
2002/03	\$2.1	\$2.2
2001/02	\$2.1	\$2.0

**WestWorld Fees** event revenue is expected to be approximately \$1.6 million. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually.

WestWorld Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.6	\$1.6*
2003/04	\$1.5	\$1.5*
2002/03	\$1.3	\$1.5
2001/02	\$1.3	\$1.5

### Fines and Forfeiture Revenues

Fines and Forfeiture Revenues includes court, parking, photo radar, and library fines. In the aggregate, the revenue for these items in FY 2004/05 is projected to be \$5.6 million for an increase of approximately \$0.8 million over the prior year. The detail of these revenues is noted below:

**Court Fines** are conservatively budgeted at \$3.9 million, which reflects a \$0.5 million increase from the FY 2003/04 year-end estimate. The FY 2003/04 year-end forecast includes the negative impacts from the State of Arizona's enacted shared-court collections, which retained 75% of the judicial collections each municipal court received in excess of their FY 2002/03 baseline collections during the fiscal year. The court fine collections were deposited in the State's general fund and were to pay for the costs associated with the State's newly created collection system and enhance city and town court collections. For FY 2004/05, the State legislation repealed the legislation. Therefore, \$0.5 million of the increase in these revenues is attributable to the State Legislature repealing the legislation, and the remaining \$0.3 million of the increase is based modest growth projections.

Court Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.9	\$3.9*
2003/04	\$3.7	\$3.4*
2002/03	\$3.5	\$4.2
2001/02	\$3.8	\$3.4

## GENERAL FUND - REVENUE

## Budget by Fund

**Parking Fines** are conservatively budgeted at slightly more than \$0.2 million for FY 2004/05, which is approximately \$87,000 more than the FY 2003/04 year-end estimate.

Parking Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.2	\$0.2*
2003/04	\$0.1	\$0.1*
2002/03	\$0.1	\$0.2
2001/02	\$0.2	\$0.1

**Photo Radar Fines** are budgeted at approximately \$1.1 million for FY 2004/05, which represents an increase of approximately \$0.2 million over the FY 2003/04 year-end estimate. The current photo radar contract was awarded during the summer of 2003 and included more red-light cameras, capable of detecting both red light running and a vehicle's speed. The camera were installed during FY 2003/04. Having the cameras in place for the full fiscal year should contribute to an increase in revenue in FY 2004/05. However, the use of photo radar is intended as a deterrent to unsafe driving, not as a revenue producer.

Photo Radar Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.1	\$1.1*
2003/04	\$1.1	\$0.9*
2002/03	\$1.1	\$0.8
2001/02	\$1.5	\$0.8

**Library Fines** are expended to remain flat with the FY 2003/04 year-end estimate of approximately \$0.4 million for FY 2004/05. In accordance with the City's adopted financial policies, the library fines are reviewed and adjusted annually, if necessary. No increase in fines is proposed for FY 2004/05.

Library Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.4	\$0.4*
2002/03	\$0.4	\$0.4
2001/02	\$0.4	\$0.4

## Interest Earnings

Interest Earnings are generated on idle General Fund cash balance throughout the year. Interest revenue is expected to be approximately \$1.6 million for an increase of less than \$0.1 million over the FY 2003/04 year-end estimate of \$1.5 million. This revenue is a function of the relationship between the City's available cash balance and the interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues.

Interest Earnings Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.6	\$1.6*
2003/04	\$0.8	\$1.5*
2002/03	\$3.3	\$1.7
2001/02	\$6.3	\$4.0

## Property Rental Revenue

Property Rental Revenues are rental fees on facilities such as the Scottsdale Stadium, as well as amounts received from the Tournament Players Club and Princess Hotel for percent of revenue on gross sales agreements. The projected FY 2004/05 revenues of \$3.4 million represent a \$0.4 million increase in Property Rental revenue over the FY 2003/04 year-end estimate. The increase is attributable to a combination of scheduled increases in rental payments of \$0.3 million, plus the Thunderbird's \$80,000 contribution, which was waived in FY 2003/04 under the terms of the lease agreement.

Property Rental Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.4	\$3.4*
2003/04	\$3.3	\$3.0*
2002/03	\$3.4	\$2.5
2001/02	\$3.0	\$2.5

**Other Revenue**

Other Revenue is projected to increase by \$1.1 million in FY 2004/05 over the current year-end estimate. The increase is due to the City receiving its first contributions from the Tourism Sports Authority and County Sports Authority (TSA and CSA) for the repayment of the Giants professional baseball practice facility.

**Miscellaneous** revenue is projected to be \$1.2 million for FY 2004/05, which includes various miscellaneous revenues the City receives during any given year that are not attributable to one of the specific revenue categories noted above. The revenue is expected to decline \$0.2 million from the FY 2003/04 year-end estimate of \$1.4 million. The decline reflects a combination of more accurately reflecting the actual revenue collection trends and improvements to the reporting and recording of revenues in the accounting system.

**Tourism Sports Authority and County Sports Authority (TSA and CSA)** revenue is projected to be \$1.3 million in FY 2004/05. The City's first contributions from both the TSA and CSA and the proceeds will be used to pay for \$18.0 million of debt service payments associated with the Giants professional baseball practice facility. It is anticipated the debt will be issues in March of 2005 with the TSA and CSA being responsible for \$12.0 million and \$6.0 million, respectively. Annually, the TSA will pay approximately \$0.9 million and the CSA will pay over \$0.4 million for the debt services repayment.

Other Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.5	\$2.5*
2003/04	\$1.5	\$1.4*
2002/03	\$2.0	\$1.9
2001/02	\$2.0	\$1.1

**Transfers-In**

Transfers-In essentially represent the reimbursement of cost incurred for services (i.e., utility billing, payroll processing, benefits administration, etc.) provided and paid by the General Fund on behalf of the Special Revenue, Enterprise and Internal Service Funds. The cost of the services provided by the General Fund is allocated annually to these user funds on a rational and equitable basis. The total transfers-in for FY 2004/05 are expected to increase by \$4.2 million over the FY 2003/04 year-end estimate. The main driver in this increase is a contingent \$3.5 million transfer-in from the Special Revenue-Public Safety Privilege Tax.

The proposed General Fund budget includes \$3.5 million of contingent appropriations for public safety and preserve initiatives. The contingent appropriations are included in the event City voters approve the ballot initiative on May 18, 2004, to increase the City's privilege (sales) tax from 1.40 percent to 1.65 percent. (Public Safety .10% and Preserve 15%). If approved, the additional (.10%) public safety privilege taxes would be used to pay for the following: upgrade radio systems, hire additional police officers with focused enforcement in the citizen noted high demand service areas: traffic, driving under the influence, cyber crimes, vice enforcement, photo red light operations, as well as special patrols in city parks and the McDowell Sonoran Preserve. Other public safety services that would be funded from the additional public safety privilege taxes include hiring additional firefighters, code enforcement officers and related public safety capital equipment and facilities. Likewise if the (.15%) preserve privilege tax increase were approved, the proceeds would be used for additional land purchases, trail and other improvements.

## General Fund Expenditures By Expenditure Type

The General Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay and debt service. Additionally, there are transfers-out to other funds.

**Personal Services** proposed budget of \$120.7 million represents 61.2% of the FY 2004/05 General Fund Operating Budget of \$197.2 million. The proposed FY 2004/05 personal services budget increased \$6.6 million or 5.8% from the FY 2003/04 adopted budget. The proposed budget includes 22.34 new General Fund full-time equivalent (FTEs) staff positions at an estimated total cost of over \$.09 million. The additions include 13.50 new FTEs to support the Fire transition at an estimated cost of slightly over \$0.5 million.

The other 8.84 new FTE's will address ongoing high priority services areas such as code enforcement, downtown, parks and recreation, economic development, and enhanced building security at an estimated cost slightly over \$0.4 million. The 2 proposed code enforcement FTEs would address citizens' increased demand for code enforcement throughout the whole City. The 1 FTE proposed for the recently formed Downtown Group would provide clerical and administrative support for the staff and Executive Director. The proposed 1.84 FTEs for parks and recreation include 1 additional maintenance technician to continue pro-actively handling the growth in facilities square footage. The other .84 FTE in parks is for additional part-time recreation leaders for the Tonalea after school program. The 2 proposed Economic Vitality FTEs would provide increased support for job creation efforts in retail and the biomedical industry and enhance the City's economic development research capability. The budget includes 1 additional K-9 officer and bomb sniffing dog to enhance security in City buildings. Finally, 1 FTE is proposed for the mailroom to handle the increased security and expanded screening of the City's mail.

The personal services costs include a 2.5 percent cost of living pay adjustment equaling \$2.7 million for city personnel. The proposed budget also maintains the City's merit pay program at an estimated cost of \$1.2 million for those employees that have earned the increase through job performance and have not reached the top of their position range. Externally driven cost factors increased the City's contribution to Arizona Public Safety Retirement System for FY 2004/05 by \$0.6 million. Conversely, the City's health care cost containment initiatives started in the current year will yield over \$1.1 million of cost avoidance in the FY 2004/05 budget.

Included within the proposed Personal Services budget amount is \$1.5 million to fund new public safety positions, which are contingent upon the outcome of the public safety privilege sales tax vote on May 18. If the vote is favorable, the positions will be used in FY 2004/05 for the enhanced public services outlined in the public safety strategic plan including increased police enforcement in the following areas: traffic, driving under the influence, cyber crimes, vice enforcement, photo red light operations, as well as fire services. Beyond next fiscal year the public safety privilege taxes would be used to address other public safety strategic plan items such as additional bike units, traffic patrol, park and preserve patrols, and other capital needs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$120.7	\$120.7*
2003/04	\$114.0	\$114.0*
2002/03	\$106.2	\$104.4
2001/02	\$100.8	\$96.0

## GENERAL FUND - EXPENDITURES

*Budget by Fund*

**Contractual Services** proposed budget of \$57.4 million represents 29.1% of the FY 2004/05 General Fund Operating Budget of \$195.2 million. The FY 2004/05 of \$57.4 million is \$3.8 million or 7.0% more than the FY 2003/04 adopted budget. The increase in Contractual Services is primarily attributable to the combination of three items. The first is a general increase in contractual services costs of approximately \$3.3 million due to inflation and a nominal usage increases.

Second, the proposed Contractual Services budget of \$57.4 million includes \$0.5 million to fund contractual services, which are contingent upon the outcome of the public safety vote on May 18. If the vote is favorable, the positions will be used for the enhanced public services outlined in the public safety strategic plan including increased police enforcement in the following areas: traffic, driving under the influence, cyber crimes, vice enforcement, photo red light operations, as well as fire services. Beyond next fiscal year the public safety privilege taxes would be used to address other public safety strategic plan items such as additional bike units, traffic patrol, park and preserve patrols, and other capital needs.

**Commodities** proposed budget of \$6.1 million represents 3.1% of the FY 2004/05 General Fund Operating Budget of \$197.2 million. The budget of \$6.1 million is \$1.2 million more than the FY 2003/04 adopted budget. The increase in Commodities is primarily attributable to the combination of two items. The first is a general increase in commodities costs of approximately \$0.4 million due to inflation and a nominal usage increases.

Second, the proposed Commodities budget of \$6.1 million includes \$0.8 million to fund commodities, which are contingent upon the outcome of the public safety vote on May 18. If the vote is favorable, the positions will be used for the enhanced public services outlined in the public safety strategic plan such as traffic enforcement, driving under the influence, cyber crimes, vice enforcement, photo red light operations, and fire services. Beyond next fiscal year the public safety privilege taxes would be used to address other public safety strategic plan items such as additional bike units, traffic patrol, park and preserve patrols, and other capital needs.

The Budget staff continues to review each department's proposed expenditure budget using a zero-based program budget approach. Under this approach, line item-expenditures budgets are carefully evaluated and justified, while providing for required increases that are called for in the current or pending contractual and commodities contracts.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$57.4	\$57.4*
2003/04	\$56.0	\$53.7*
2002/03	\$56.6	\$54.2
2001/02	\$56.4	\$54.8

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.1	\$6.1*
2003/04	\$4.8	\$4.8*
2002/03	\$5.5	\$5.5
2001/02	\$6.4	\$6.4

See glossary for  
Expenditure Type  
definitions.

## GENERAL FUND - EXPENDITURES

*Budget by Fund*

**Capital Outlay** proposed budget of \$0.9 million represents 0.5% of the FY 2004/05 General Fund Operating Budget of \$197.2 million. The proposed FY 2004/05 Capital Outlays budget of \$0.9 million includes \$0.7 million to fund capital outlays, which are contingent upon the outcome of the public safety vote on May 18. If the vote is favorable, the positions will be used for the enhanced public services outlined in the public safety strategic plan including increased police enforcement in the following areas: traffic, driving under the influence, cyber crimes, vice enforcement, photo red light operations, as well as fire services. As result of the ongoing zero-based program budget approach, the capital outlays have been included in the budget on a very limited basis. Capital Outlays less than \$25,000 are funded from the Program Operating Budget, while those equal to or greater than \$25,000 are funded from the City's Capital Improvement Plan.

**Debt Service** budget of \$12.1 million represents 6.1% of the FY 2004/05 General Fund Operating Budget of \$197.2 million. The FY 2004/05 of \$12.1 million is \$0.6 million more than the FY 2003/04 adopted budget.

**Contracts payable** of \$4.5 million represent debt related to sales tax development agreements such as the Nordstrom Garage Lease, Hotel Valley Ho, Waterfront, Stacked 40 and the Promenade Agreement.

**Municipal Property Corporation (MPC) Bonds** are issued by the City of Scottsdale Municipal Property Corporation (MPC), a nonprofit corporation, created by the City in 1967 solely for the purpose of constructing, acquiring and equipping buildings, structures or improvements on land owned by the City. The MPC is governed by a Board of Directors appointed by the City Council. The debt incurred by the corporation is a City obligation and the repayment of debt is financed by pledged General Fund excise taxes. The scheduled MPC debt repayment included in the FY 2004/05 budget is \$7.6 million.

**Transfers-Out** in FY 2004/05 total \$16.9 million and includes \$3.7 million and \$3.0 million to the Capital Fund to cover the cost of on-going capital maintenance and to fund current investments in capital projects, respectively. The proposed budget also includes a \$5.8 million transfer-out to cover one-time Fire transition capital costs. These one-time capital costs are necessary in order to transition to a municipal Fire department in July 2005. Additionally, \$3.6 million will be transferred-out to the Highway User Revenue Fund for transportation related operating costs (subsidy), \$0.6 million to the Self-Insurance Fund, \$0.1 million to the Aviation Fund for fuel tax collected and receipted in the General Fund and \$0.1 million to the Special Revenue Fund for the Affordable Housing program grant match.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.9	\$0.9*
2003/04	\$0	\$0*
2002/03	\$0.1	\$0.4
2001/02	\$2.7	\$1.3

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$12.1	\$12.1*
2003/04	\$11.5	\$9.8*
2002/03	\$13.3	\$12.7
2001/02	\$10.5	\$10.3

### General Fund Balance/Reserves/Operating Contingency

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Fund Balance/Reserves/Operating Contingency protects the City's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when revenues exceed expenditures. Fund balances are similar to a company's net equity (assets less liabilities) and should only be used for nonrecurring (non-operational) expenditures, since once they are spent they are only replenished by future year resources in excess of expenditures.

The City's budget planning and adopted financial policies call for the establishment of reserves and an operating contingency as part of the resource allocation/limit setting process. This process allows the City to "set aside savings" before it is allocated or spent as budgeted expenditures. The specific make-up of the City's fund balance, reserves and operating contingency are noted below:

**General Fund Reserve** continues the City's adopted financial policy of setting aside a reserve to protect Scottsdale in times of emergency. This is the City's "savings account," and it is important to note that most of these funds are from "carry over", and once they are spent it will be difficult, if not impossible, to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of 10 percent of the General and Highway User Revenue funds total annual operating costs. For FY 2004/05 the General Fund Reserve includes an additional \$2.0 million for potential settlements related to ongoing taxpayer refund audits. Based on the revenue and expenditure estimates included in the proposed budget, the ending FY 2004/05 General Fund Reserve is projected to be \$24.2 million. Maintaining the General Fund Reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings. It should be noted that the revenue sources that help build the General Fund Reserve during good economic times are considered "elastic" and therefore are subject to downturns during recessionary times.

**Economic Investment** is set aside by the City Council for strategic economic development investments that demonstrate clear returns to the community. The budget includes partial funding in FY 2004/05 (in conjunction with \$223,429 of bed tax contributions) for the \$304,321 initial debt service payment and investment in the Loloma Museum. During FY 2004/05, we anticipate paying out of the Economic Investment an additional \$0.5 million toward the Mayo T-Gen loan and repayments are expected in the following fiscal year. The projected FY 2004/05 ending balance is slightly over \$1.0 million.

**Operating Contingency** of \$2.5 million is proposed to meet unforeseen expenses during the fiscal year.

**Open Purchase Order Reserve** the proposed budget anticipates \$4.4 million of purchase orders from FY 2003/04 that will be completed and paid after the June 30 fiscal year-end. This reserve provides a funding source for these year-end carryover budget expenditures.

**Unreserved Fund Balance** is the remainder after considering all of the other reserves/uses. The ending unreserved fund balance is projected to be nearly \$12.6 million, which represents the cumulative General Fund revenues not designated for a specific purpose. During the FY 2004/05 budget development process, City Council may choose to allocate some or all of these dollars to programs requiring more funding, or allocate it to reserve funds. However, it is critical to note this amount represents an accumulation of one-time revenues and would most appropriately be used for one-time expenditures. Under prudent fiscal management practices this amount should not be used to fund new or expanded programs with ongoing operating expenses. It is anticipated a majority of the funds will originate from the ending FY 2003/04 fund balance. Only \$0.1 million is expected to be added to the Unreserved Fund Balance during FY 2004/05.

## Special Revenue Funds

### Description

The City uses seven separate Special Revenue Funds to account for the activity of restricted revenues and designated expenditure uses for FY 2004/05. The individual funds are: Highway User Revenue, Transportation Privilege Tax (.20%), 1995 Preservation Privilege Tax (.20%), 2004 Preservation Privilege Tax (.15%), Public Safety Privilege Tax (.10%), Special Programs, and Grants. The applicable specific revenues, expenditures and fund balance of the individual Special Revenue Funds, along with each fund's purpose, are described below:

### Highway User Revenue Fund

#### Fund Purpose

This fund receives and expends the City's allocation of the Arizona Highway User Revenue tax and other transportation related revenues. The amount available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance or transit. The State of Arizona requires the City to establish and maintain a Highway User Revenue Fund.

### Highway User Revenue Fund Revenues and Transfers-In

**Highway User Revenue Tax ("gas tax")** is distributed by the State of Arizona based upon the population of each city and the county of origin for the sales of fuel. The State constitution requires that all highway user revenue be used solely for street, highway or transit purposes. The current gas tax is 18 cents per gallon. The cities share in 27.5 percent of State collected highway user revenues, based half on population and half on the origin of the gas sale. The proposed FY 2004/05 budget of \$13.9 million represents an increase of \$0.4 million or 3.1% from the FY 2003/04 year-end estimate.

**Local Transportation Assistance Fund Revenue ("state lottery")** is distributed by the State of Arizona based upon population and city and town participation in the lottery. LTAF revenue sharing was capped at a total of \$20.5 million in 1989 by the Arizona state legislature, resulting in no growth in this segment of intergovernmental transportation revenue. The proposed FY 2004/05 budget of \$1.1 million is flat with the FY 2003/04 year-end estimate due to the restrictions noted.

**Transfers-In** from the Transportation Privilege Tax Fund and the General Fund support the program expenditures Highway User Revenue Fund. The proposed General Fund is budgeted to provide a \$3.6 million subsidy to support the programs of the Highway User Revenue Fund, which corresponds with the total resources needed to balance the budgeted operating and capital expenditures in the Highway User Revenue Fund.

Special Revenue Fund Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.9	\$13.9*
2003/04	\$13.5	\$13.5*
2002/03	\$13.1	\$13.4
2001/02	\$13.2	\$12.6

Special Revenue Fund Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.1	\$1.1*
2003/04	\$1.1	\$1.1*
2002/03	\$1.1	\$1.1
2001/02	\$1.2	\$1.2

## Highway User Revenue Fund Expenditures By Expenditure Type

The Highway User Revenue Fund expenditures are presented by five major expenditure categories: personal services, contractual services, commodities, capital outlay, and debt service plus transfers-out to other funds as noted below:

**Personal Services** budget of \$4.7 million represents 19.0% of the FY 2004/05 Highway User Revenue Fund Operating Budget of \$24.9 million. The proposed FY 2004/05 personal services budget represents a 6.0% decrease from the FY 2003/04 adopted budget. The budget does not include any additional positions. Any staffing changes/increases to address service demands were accomplished through the redeployment of existing personnel.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.7	\$4.7*
2003/04	\$5.0	\$5.0*
2002/03	\$5.0	\$4.9
2001/02	\$4.8	\$4.5

**Contractual Services** proposed budget of \$16.5 million represents 66.1% of the FY 2004/05 Highway User Revenue Fund Operating Budget of \$24.9 million. The FY 2004/05 budget of \$16.5 million is \$1.1 million or 7.1% more than the FY 2003/04 adopted budget. The majority of this increase is due to the increase in transit costs and a larger street maintenance program for FY 2004/05.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.5	\$16.5*
2003/04	\$15.4	\$15.4*
2002/03	\$15.8	\$16.2
2001/02	\$15.6	\$15.1

**Commodities** proposed budget of \$0.5 million represents 2.0% of the FY 2004/05 General Fund Operating Budget of \$21.7.0 million. The FY 2004/05 budget of \$0.5 million represents no increase from FY 2003/04 commodities budget. The lack of need for an increase is due to the continuing effort by staff toward zero-based program budgeting, whereby line-item expenditure budgets are carefully evaluated and justified.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.6	\$0.8
2001/02	\$0.8	\$0.8

See glossary for  
Expenditure Type  
definitions.

## SPECIAL REVENUE FUNDS

*Budget by Fund*

**Capital Outlay** proposed budget for FY 2004/05 is zero. As a result of the on-going zero-based program budget approach, no capital outlay was approved for inclusion in the budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0	\$0*
2003/04	\$0	\$0*
2002/03	\$0	\$0.1
2001/02	\$0.2	\$0.1

**Debt Service** proposed budget of \$3.1 million is equal to the FY 2003/04 budget and represents 12.5% of the Highway User Revenue Fund Operating Budget. The debt consists of payment for the Highway User Revenue Bonds along with the applicable annual fiscal agent fees. The Highway User Revenue Bonds are slated to be fully repaid in FY 2006/07.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.1	\$3.1*
2003/04	\$3.1	\$3.1*
2002/03	\$3.1	\$3.1
2001/02	\$3.1	\$3.1

**Transfers-Out** to the capital project fund of approximately \$0.1 million is to cover the cost of replacing computer/telephone equipment.

### Highway User Revenue Fund Balance

The FY 2004/05 Highway User Revenue Fund ending balance is projected to be zero. The fund does not maintain a fund balance due to its reliance on the General and Transportation Privilege Tax Funds to make up the difference between revenue and expenditures each year.

*Transportation Privilege Tax Fund (.20%)***Fund Purpose**

In 1989, voters approved a Transportation Privilege (Sales) Tax (.20%), which is dedicated to funding transportation improvements. This fund accounts for the activity related to the Transportation Privilege tax. Revenues are transferred to the Highway User Revenue Fund (up to 40.0% of the sales tax revenues) and to Capital Projects to fund transportation related improvements.

**Transportation Privilege Tax Fund (.20%) Revenues**

**Transportation Privilege (Sales) Taxes (.20%)** of \$15.7 million represent 100.0% of this fund's budgeted operating revenue. After nearly a decade of double-digit revenue growth, the FY 2004/05 forecasts a modest 3.2% increase. Please note there is a difference of \$0.5 million between the transportation and preservation privilege tax revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$15.7	\$15.7*
2003/04	\$15.5	\$15.5*
2002/03	\$16.4	\$15.3
2001/02	\$17.0	\$15.6

**Interest Earnings** are no longer forecast in this fund due to a change in accounting procedure. At the end of the month a journal entry is prepared transferring all revenue collected in this fund to either the Highway User Revenue Fund (capped at 40%) or the transportation capital improvement fund.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0	\$0*
2003/04	\$0.5	\$0*
2002/03	\$0.5	\$0.2
2001/02	\$0.6	\$0.2

**Transportation Privilege Tax Fund (.20%)  
Expenditures By Expenditure Type**

There are no direct operating expenditures in the Transportation Privilege Tax Fund (.20%), only transfers-out to the Highway User Revenue Fund and Capital Projects Fund.

**Transfers-Out** in FY 2004/05 total \$15.7 million comprised of \$6.3 million to the Highway User Revenue Fund to cover the cost of transportation related operating costs, and \$9.4 million to the capital fund to cover the cost of capital transportation related capital improvements. The \$6.3 million transfer-out to the Highway User Revenue Fund represents a policy change adopted by City Council in FY 2003/04 allowing up to 40.0% of the annual Transportation Privilege (Sales) Tax (.20%) to be used to cover the cost of transportation system improvement operating costs.

**Transportation Privilege Tax Fund (.20%) Balance**

The FY 2004/05 Transportation Privilege Tax Fund (.20%) ending fund balance is projected to be zero since at year-end any remaining funds are transferred to the Capital Project Fund or Highway User Revenue Fund.

## 1995 Preservation Privilege Tax Fund (.20%)

### Fund Purpose

In 1995, voters approved a 1995 Preservation Privilege (Sales) Tax (.20%), which is dedicated to the purchase of 36,400 acres of land within the McDowell Sonoran Preserve. Revenue collections and contractual debt associated with purchased land are accounted for in this fund. A transfer is made to the Debt Service Fund to pay debt service payments associated with bonds issued for purchases.

### 1995 Preservation Privilege Tax Fund (.20%) Revenues

**1995 Preservation Privilege (Sales) Tax (.20%)** of \$16.2 million represents 96.9% of this fund's operating revenue. After nearly a decade of double-digit revenue growth, the FY 2004/05 forecast a modest 3.2% increase. Please note there is a relatively minor difference of \$0.5 million between the transportation and preservation privilege revenue tax amounts, which is attributable to differences in the taxing provisions for each of the revenues.

**Interest Revenue** is expected to remain flat, with FY 2003/04 year-end estimate of \$0.5 million. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield.

Local Privilege Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.2	\$16.2*
2003/04	\$16.1	\$16.1*
2002/03	\$16.6	\$15.6
2001/02	\$17.4	\$15.8

Interest Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.7
2001/02	\$0	\$0.8

### 1995 Preservation Privilege Tax Fund (.20%) Expenditures By Expenditure Type

There are no direct operating expenditures in the 1995 Preservation Privilege Tax Fund (.20%); however, there are debt service transactions and transfers-out.

**Debt Service** budget of \$0.9 million is equal to the FY 2003/04 adopted budget and consists of contractual debt for the McDowell Sonoran Preserve.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.9	\$0.9*
2003/04	\$0.9	\$0.9*
2002/03	\$0.9	\$1.0
2001/02	\$0.9	\$0.9

**Transfers-Out** totaling \$20.0 million to the Debt Service Fund pay debt service on Preservation Bonds. The increase in the transfer-out of \$3.9 million from the FY 2003/04 year-end estimate is directly attributable to the scheduled repayment of debt.

### 1995 Preservation Privilege Tax Fund (.20%) Balance

The Preservation Privilege Tax Funds are used solely for the acquisition of property within the preserve and payment of debt service on Preserve General Obligation Bonds, Preserve Authority Bonds, and contractual debt. The projected FY 2004/05 ending fund balance equals \$15.1 million, which represents a \$3.3 million decrease from the FY 2003/04 year-end estimate. The fund balance, with annual revenue contributions, is expected to be sufficient to pay for existing debt service. All debt authorized by voters for this fund has been issued.

## 2004 Preservation Privilege Tax Fund (.15%)

### Fund Purpose

This potential new fund is contingent upon the outcome of the May 18, 2004 privilege tax ballot initiative to raise additional funds to complete Scottsdale's McDowell Sonoran Preservation efforts. Revenues received by this fund may be used for debt service payments related to preserve acquisition and construction of essential preserve related necessities such as proposed trailheads.

### 2004 Preservation Privilege Tax Fund (.15%) Revenues

**2004 Preservation Privilege (Sales) Tax (.15%)** is contingent upon the May 18, 2004 ballot initiative. At this time, the revenue forecast for this potential new fund is expected to equal approximately \$11.7 million. Revenue collections would begin July 1, 2004 and remittance would be received in August 2004; therefore, the revenue forecast for this potential new fund was calculated based on 11 months of cash receipts.

### 2004 Preservation Privilege Tax Fund (.15%) Expenditures By Expenditure Type

There would be no direct operating expenditures budgeted in the 2004 Preservation Privilege Tax Fund (.15%) for FY 2004/05. If the May 18, 2004 ballot initiative to increase the City's privilege (sales) tax from 1.40 percent to 1.65 percent (Public Safety .10% and Preserve .15%) is approved, the (.15%) additional preserve sale tax revenue would be used for additional land purchases, trails and other improvements.

### 2004 Preservation Privilege Tax Fund (.15%) Balance

The 2004 Preservation Privilege Tax Fund (.15%) would be used solely for the acquisition of property within the preserve and payment of debt service on Preserve General Obligation Bonds, Preserve Authority Bonds, and contractual debt. The projected FY 2004/05 ending fund balance would be approximately \$11.7 million. Any revenues collected and not transferred in FY 2004/05 would remain in the 2004 Preservation Privilege Tax Fund (.15%) balance and would be used exclusively for future preservation needs.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2004/05	\$11.7	\$11.7*
2003/04	-	-
2002/03	-	-
2001/02	-	-

*Public Safety Privilege Tax Fund (.10%)***Fund Purpose**

This potential new fund is contingent upon the outcome of the May 18, 2004 ballot initiative. Revenues received by this fund would be used for enhanced public services outlined in the public safety strategic plan such as traffic enforcement, driving under the influence, cyber crimes, vice enforcement, photo radar enforcement and fire services.

**Public Safety Privilege Tax Fund (.10%) Revenues**

**Public Safety Privilege Tax (.10%)** is contingent upon the May 18, 2004 ballot initiative. At this time, the revenue forecast for this potential new fund is expected to equal approximately \$7.9 million. Revenue collections would begin July 1, 2004 and remittance would be received in August 2004; therefore the revenue forecast for this potential new fund was calculated based on 11 months of cash receipts.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7.9	\$7.9*
2003/04	-	-
2002/03	-	-
2001/02	-	-

**Public Safety Privilege Tax Fund (.10%) Expenditures By Expenditure Type**

There would be no direct operating expenditures within the Public Safety Privilege Tax Fund (.10%); however there would be transfers-out to the General Fund to cover the costs of the enhanced public safety service expenditures.

**Transfers-Out** to the General Fund would be approximately \$3.5 million to cover the costs of 21.0 identified positions, including 13.0 Police Officers, 2.0 Police Sergeants and 2.0 Vice Detectives plus potential additional positions. The funding would also cover the costs of three new intersection detection systems to increase red light and fixed speed photo enforcement. If the May 18, 2004 ballot initiative to increase the City's privilege (sales) tax from 1.40 percent to 1.65 percent (Public Safety .10% and Preserve .15%) is approved, the additional (.10%) public safety privilege taxes would be used to pay for the following: upgrade radio systems, hire additional police officers with focused enforcement in the citizen noted high demand service areas: traffic, driving under the influence, cyber crimes, vice enforcement, photo red light operations, as well as special patrols in city parks and the McDowell Sonoran Preserve. Other public safety services that would be funded from the additional public safety privilege taxes include hiring additional firefighters, code enforcement officers and related public safety capital equipment and facilities. Beyond next fiscal year the additional public safety privilege taxes would be used to address other public safety strategic plan items such as additional bike units, traffic patrol, K-9 officer, park and preserve patrols and other capital needs.

**Public Safety Privilege Tax Fund (.10%) Balance**

The projected FY 2004/05 ending fund balance would be \$4.4 million. Any revenues collected and not transferred in FY 2004/05 would remain in the Public Safety Privilege Tax Fund (.10%) balance and would be used exclusively for future public safety needs.

*Special Programs Fund***Fund Purpose**

This fund is used to account for dedicated funding sources and donations earmarked for specific purposes. All revenue not expended in the current fiscal year is carried over to the next fiscal year to continue funding the intended purpose.

**Special Programs Fund Revenues**

**Miscellaneous Court Revenue** originates from three sources: Court Enhancement, Judicial Collections Enhancement Fund (JCEF), and Fill the Gap (FTG). The Court Enhancement is established by Scottsdale City Ordinance 2570 section 9-7.2 and provides funding to enhance the technological, operational and security facilities of the Court. JCEF and FTG were established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, which provide funding for maintaining and enhancing the Court's ability to collect and manage monies. The FY 2004/05 budget for Miscellaneous Court Revenue equals \$0.6 million.

**Miscellaneous Police Revenue** includes money from the following five sources: (1) Racketeering Influenced Corrupt Organization (RICO) funds and is only to be used for law enforcement purposes, (2) a Forensic Services Intergovernmental Agreements (IGA) with surrounding communities for full cost recovery of crime laboratory services provided, (3) donations for the Mounted Unit, Family Advocacy Center, (4) drug conviction assessments which may only be used for crime laboratory analysis purposes, and (5) funds for school resource education supplies. The budget for this revenue source is \$0.4 million.

**Miscellaneous Community Services Revenue** includes donations and contributions that are to be spent for the specific purpose indicated by the donors. Specific purposes include supporting the arts, enhancing parks, libraries and human services, providing memorials, covering the expenses associated with special events, providing funds to community support agencies (Scottsdale Cares), and maintaining and operating the train, carousel and park facilities at the McCormick-Stillman Railroad Park. This revenue also includes McCormick-Stillman Railroad Park revenue generated from the operations of the train and carousel owned by the Scottsdale Railroad and Mechanical Society. The budget for this revenue source is approximately \$1.4 million in FY 2004/05. Current revenues and the planned use of prior year carryover revenues will fund these services.

**Miscellaneous Court Revenue  
Adopted Budget to Actual/Estimate\*  
(in millions)**

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.6	\$0.6*
2003/04	\$0.6	\$0.6*
2002/03	\$0.6	\$0.6
2001/02	\$0.5	\$0.5

**Miscellaneous Police Revenue  
Adopted Budget to Actual/Estimate\*  
(in millions)**

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.4	\$0.5

**Miscellaneous Community Services Rev.  
Adopted Budget to Actual/Estimate\*  
(in millions)**

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.4	\$1.4*
2003/04	\$1.6	\$1.6*
2002/03	\$1.5	\$2.0
2001/02	\$2.2	\$1.5

## SPECIAL REVENUE FUNDS

## Budget by Fund

**Miscellaneous Human Resource Services Revenue** is generated from corporate sponsorship obtained through community outreach efforts in support of cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration. In FY 2004/05, it is estimated that approximately \$7,200 will be deposited into this fund.

Miscellaneous Human Resources Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7,200	\$7,200*
2003/04	-	-
2002/03	-	-
2001/02	-	-

**Miscellaneous Citizen and Neighborhood Resources Revenue** are generated by the City Court deposit of 50.0% of the total amount of fines collected for code enforcement violations. The fines pay for any abatement procedures necessary to clean-up a property. In FY 2004/05, it is estimated the fines deposited into this fund will equal approximately \$19,700.

Miscellaneous Citizen and Neighborhood Resources Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$19,700	\$19,700*
2003/04	\$68,000	\$68,000*
2002/03	\$0	\$903
2001/02	\$0	\$0

**Miscellaneous Planning and Development Services Revenue** originates from the Green Building Program fees. The Green Building Program is a whole-systems approach utilizing design and building techniques to minimize environmental impact and to reduce the energy consumption of a building while contributing to the health of its occupants. The program fees are used to fund promotion, education, and public outreach to pro-actively campaign for environmentally responsible buildings in the City. The budget for this revenue source of \$20,600 is a nominal \$600 increase over the FY 2003/04 year-end estimate.

Miscellaneous Planning and Development Services Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$20,600	\$20,600*
2003/04	\$20,000	\$20,000*
2002/03	\$42,500	\$20,475
2001/02	\$47,500	\$0

**Transfers-In** from the General Fund is budgeted at \$110,000 or the Affordable Housing program in Citizen and Neighborhood Resources, which are used as a local grant match to leverage federal and state housing grant funds and for the preservation and maintenance of properties on Scottsdale's Historic Register.

## SPECIAL REVENUE FUNDS

*Budget by Fund*

### Special Programs Fund Expenditures By Department

The use of funds in the Special Programs Fund includes departmental operating expenditures, debt service and transfers-out as noted below:

**Courts** budgeted expenditures in FY 2004/05 are approximately \$0.3 million, which is equivalent to the FY 2003/04 adopted budget. Expenditures will be used to enhance the technological, operational and security facilities of the Court as well as maintain and enhance the Court's ability to collect and manage monies.

Courts Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3*
2002/03	\$0.1	\$0.1*
2001/02	\$0.1	\$0.1

**Police** budgeted expenditures in FY 2004/05 Special Programs budget are \$374,785. Racketeering Influenced Corrupt Organization (RICO) Funds of \$221,130 will be used to supplement narcotics investigations operating expenses and to purchase 50 new tasers to provide officers with a "less lethal" option on suicidal/violent subjects; funding from intergovernmental agreements in the amount of \$81,455 will be used to purchase expendable supplies in support of police crime laboratory services; and \$37,500 from donations is budgeted to purchase expendable supplies in support of the Mounted Unit and Family Advocacy Center.

Police Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.4	\$0.2

**Community Services** have increased their budget to \$2.7 million, representing an increase of \$0.3 million or 12.5% from the FY 2003/04 adopted budget. The \$0.3 million increase is for the design of a model railroad building at McCormick-Stillman Railroad Park to be built in FY 2005/06.

Community Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.7	\$2.7*
2003/04	\$2.4	\$2.4*
2002/03	\$2.0	\$1.2
2001/02	\$2.2	\$1.5

## SPECIAL REVENUE FUNDS

## Budget by Fund

**Human Resource Services** expenditures are budgeted at approximately \$7,200 for FY 2004/05. The funds received from corporate sponsorship obtained through community outreach efforts will support cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration.

Human Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7,200	\$7,200*
2003/04	-	-
2002/03	-	-
2001/02	-	-

**Citizen & Neighborhood Resources** budget totals \$19,700. The funds received from code enforcement violation fines will be used to pay for any abatement procedures necessary to clean-up properties.

Citizen and Neighborhood Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$19,700	\$19,700*
2003/04	\$68,000	\$68,000*
2002/03	\$0	\$903
2001/02	\$0	\$0

**Planning and Development** budget \$20, 600 represents a nominal increase of \$600 or 3.0% from the FY 2003/04 adopted budget. The funds will be spent on advertising and promoting through contractual services the City's Green Building Program.

Planning and Development Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$20,600	\$20,600*
2003/04	\$20,000	\$20,000*
2002/03	\$42,500	\$14,066
2001/02	\$47,500	\$10,000

**Preservation Rehabilitation** budget totals \$10,000 for FY 2004/05. A Historic Preservation Rehabilitation Fund of \$10,000 a year for life of the sales tax incentive to the Hotel Valley Ho was established and paid for by the owner of the Hotel Valley Ho. The funds are to be used by the City to assist in the preservation and maintenance of other properties on Scottsdale's Historic Register.

Preserve Rehabilitation Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$10,000	\$10,000*
2003/04	-	-
2002/03	-	-
2001/02	-	-

## SPECIAL REVENUE FUNDS

## Budget by Fund

**Transfers-Out** total \$0.6 million, which includes \$0.1 million to the Capital Improvement Fund for RICO and \$0.5 million to the Capital Improvement Fund for Court related capital projects.

### Special Programs Fund Balance

Special Programs Fund balance of \$1.6 million represents cash received and restricted by donors or contributors for specific uses. All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose. The Special Programs Fund balance is largely a matter of timing differences between when funds are received and ultimately spent for the intended purpose.

## Grant Fund

### Fund Purpose

This fund receives and expends the City's federal, state, and local grant revenues. The amount of grants received is generally based upon application to granting agencies by the City and upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The City will only expend grant funds that have been appropriately awarded by the granting agency and accepted by City Council in a public meeting.

The total proposed FY 2004/05 grant revenue budget is \$24.2 million and includes \$16.6 million for contingent grant revenue that may become available during the fiscal year. The contingent grant revenue is included to create budgetary capacity for City Council to accept new grants and still comply with State of Arizona budget expenditure limits set with tentative budget adoption. The appropriations associated with the contingent grant revenue are not available for expenditures unless a new grant is awarded and accepted by City Council. The City aggressively seeks grant funding to leverage City funds to address priority program and service needs. The major areas of the grant revenue budget are noted below:

### Grant Fund Revenues by Grant Area

**Aviation Grants** proposed budget of just over \$5.0 million for FY 2004/05 is for future grants should they become available. The proposed budget has decreased by \$7.8 million from the FY 2003/04 year-end estimate because of an administrative change in the handling of capital-related grants. Previously, capital-related aviation grants were deposited into the operating budget and then transferred to the capital fund. Under the new process, capital grant proceeds are directly deposited into the capital fund, which are included in the Capital Improvement Plan. The aggregate amount of aviation operational and capital grant funds received by the City will remain the same. The Aviation program traditionally receives federal and state grants for such capital improvements as runway widening, taxiway reconstruction, land acquisition and various safety related improvements. Grants are not normally awarded until October, the beginning of the Federal fiscal year. Again, the appropriation associated with the grant revenue is not available for expenditures unless a new grant is awarded and accepted by City Council.

Aviation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$5.0	\$5.0*
2003/04	\$12.8	\$12.8*
2002/03	\$15.2	\$1.7
2001/02	\$8.4	\$5.6

## SPECIAL REVENUE FUNDS

## Budget by Fund

**Transportation Grants** are often available for transit purposes, such as bus purchases and shelters, and to promote alternate transportation modes, such as construction of bike lanes and paths. In FY 2004/05 there is no operating grant revenue budgeted. All Transportation Grants in FY 2004/05 of \$10.8 million are capital-related, which are included in the Capital Improvement Plan.

Transportation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0	\$0*
2003/04	\$0.5	\$0.5*
2002/03	\$0	\$0.8
2001/02	\$2.9	\$4.0

**Community Development Block Grants (CDBG) and Section 8 Grants** are awarded annually by the U.S. Department of Housing and Urban Development (HUD) upon application for funding by the City. These grant revenues may only be used for those projects specifically approved in the grant application and are subject to agency expenditure guidelines and audits. For FY 2004/05, the CDBG and Section 8 budgets are nearly \$1.6 million and \$5.3 million respectively, for a total of approximately \$6.9 million.

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.9	\$6.9*
2003/04	\$6.7	\$6.7*
2002/03	\$5.4	\$5.7
2001/02	\$5.1	\$5.5

**Home Grants** are received from the Maricopa County Home Consortium and are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing and leverage private-sector participation in housing. The FY 2004/05 operating grant revenue is budgeted at approximately \$0.5 million.

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.7	\$0.7*
2002/03	\$0.3	\$0
2001/02	\$0.3	\$0.6

**Miscellaneous Federal & State Grants** total \$11.9 million for FY 2004/05, which is a \$6.8 million increase from the FY 2003/04 year-end estimate, and include grants for law enforcement, library projects and Homeland Security. The majority of the increase is due to the increase in future grants should they become available. The FY 2004/05 budget includes \$0.3 million in continuing grant revenue from FY 2003/04 grant awards and \$11.6 million in future grants contingent upon awards.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.9	\$11.9*
2003/04	\$5.1	\$5.1*
2002/03	\$4.7	\$1.3
2001/02	\$8.3	\$1.9

## Grant Fund Expenditures By Grant

Information on Grant Fund expenditures is noted below:

**Aviation Grants** budgeted expenditures in FY 2004/05 of approximately \$5.0 million in FY 2004/05 are for future grants should they become available. The proposed expenditure budget has decreased by \$7.8 million from the FY 2003/04 adopted budget because of an administrative change in the handling of capital-related grants. Previously, capital-related aviation grants were deposited into the operating budget and then transferred to the capital fund. Under the new process, capital grant proceeds are directly deposited into the capital fund, which are included in the Capital Improvement Plan. The aggregate amount of aviation operational and capital grant funds received by the City will remain the same.

Aviation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$5.0	\$5.0*
2003/04	\$12.8	\$12.8*
2002/03	\$15.2	\$1.7
2001/02	\$8.4	\$5.6

**Transportation Grants** In FY 2004/05 there are no operating grant expenditures budgeted. All transportation grants in FY 2004/05 of \$10.8 million are capital-related, which are included in the Capital Improvement Plan.

Transportation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0	\$0*
2003/04	\$0.5	\$0.5*
2002/03	\$0	\$0.8
2001/02	\$2.9	\$4.0

**Community Development Block Grants (CDBG) and Section 8 Grants** budgeted expenditures in FY 2004/05 of approximately \$6.9 million represents an increase of \$0.2 million or 3.0% from the FY 2003/04 adopted budget. The budgeted expenditures include costs for the following two new positions in FY 2004/05: (1) a Grant Program Specialist to provide assistance to an increased number of low-moderate income households and decrease the length of time on the City Housing Rehabilitation waiting list, and (2) a Housing Coordinator to fulfill the added responsibilities of the Scottsdale Housing Agency, implement the Section 8 program and manage the First Time Homebuyer Program.

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.9	\$6.9*
2003/04	\$6.7	\$6.7*
2002/03	\$5.4	\$5.9
2001/02	\$5.1	\$5.2

## SPECIAL REVENUE FUNDS

## Budget by Fund

**Home Grants** budgeted expenditures of \$0.5 million in FY 2004/05 are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing and leverage private-sector participation in housing.

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.7	\$0.7*
2002/03	\$0.3	\$0
2001/02	\$0.3	\$0.6

**Miscellaneous Federal & State Grants** expenditure budget in FY 2004/05 equals approximately \$11.9 million, which is a \$6.8 million increase from the FY 2003/04 adopted budget. The majority of the increase is due to the increase in future grants should they become available. The funding will be used in the contractual services (\$6.1 million), commodities (\$2.6 million) and capital outlay (\$3.2 million) expenditure categories to provide a wide variety of law enforcement, library, Homeland Security and social services.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.9	\$11.9*
2003/04	\$5.1	\$5.1*
2002/03	\$4.7	\$1.3
2001/02	\$8.3	\$1.9

### Grant Fund Balance

The Grant Fund balance can fluctuate from year to year due to the nature of the specific grants that have been awarded. Most of the City's grant awards are "expenditure driven" reimbursement grants, meaning the City is reimbursed after the grant-related expenditure is made for the intended purpose. On a less frequent basis, the City is awarded "endowment" type grants, which means the City actually receives the grant funding prior to making an expenditure.

## Debt Service Funds

### Fund Purpose

This fund records the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds, with the exception of General Fund, which is shown in the General Fund debt service section of the Five-Year Financial Plan. The applicable specific revenues, expenditures, and fund balance of the Debt Service Fund are described below:

### Debt Service Fund Revenues and Transfers-In

**Secondary Property Tax** represents the portion of the property tax that is exclusively limited to pay debt service by Arizona State Statue. While the growth is unlimited, the City's use of this portion of the property tax is restricted by State Statue to solely pay debt service on voter approved general obligation bonds. The debt service for bonds already issued, plus estimated debt service for bonds planned to be issued within the budgeted fiscal year, is levied. Secondary property tax accounts for 54.1% of the total Debt Service Fund resources. The FY 2004/05 revenue forecast of \$26.9 million represents an increase of \$4.2 million or 18.5% from the FY 2003/04 year-end estimate of \$22.7 million.

**Special Assessment Revenue** is estimated to be \$2.8 million for FY 2004/05, which is \$0.1 million less than the FY 2003/04 year-end estimate based on scheduled debt repayments. The \$2.8 million represent approximately 5.6% of the total debt service resources resulting from billings to the property owners within an Improvement District. Districts are formed when owners desire improvement to their property, such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the City. In addition, per adopted financial policy, the City's cumulative improvement district debt will not exceed 5 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.

**Transfers-In** for FY 2004/05 of approximately \$20.0 million will be transferred in from the 1995 Preservation Privilege Tax Fund (.20%) (Special Revenue Fund) to pay debt service of \$13.1 million for Preserve GO Bonds and \$6.9 million for Preserve Revenue Bonds issued for land acquisition in the McDowell Mountain Sonoran Preserve.

#### Secondary Property Tax Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$26.9	\$26.9*
2003/04	\$25.5	\$22.7*
2002/03	\$22.8	\$22.4
2001/02	\$21.9	\$21.6

#### Special Assessment Revenue Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.8	\$2.8*
2003/04	\$2.9	\$2.9*
2002/03	\$2.6	\$2.3
2001/02	\$3.1	\$2.3

## DEBT SERVICE FUNDS

*Budget by Fund*

### Debt Service Fund Expenditures By Debt Type

**General Obligation (GO) / Preserve GO Bonds Debt Service** totals \$40.0 million for FY 2004/05, which represents an increase of nearly \$8.1 million or 25.4% from the FY 2003/04 adopted budget. The Preserve GO Bonds represent debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated .2% sales tax authorized by voters in 1995. The increase in the debt service expenditure is attributable to planned April 2004 GO debt issuances of \$48.0 million for a variety of capital improvements and \$65.4 million for the continuing purchase of the McDowell Sonoran Preserve.

**Special Assessment Debt Service** totals \$2.8 million for FY 2004/05, which reflects a \$0.1 million decrease from the FY 2003/04 adopted budget. Special Assessment Bonds are issued for property owners desiring improvements to their property such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. The City's debt management policy requires that the full cash value of the property to debt ratio is a minimum of 3:1 prior to issuance of debt and at least 5:1 after construction of the improvements.

**Preserve Revenue Authority Bonds Debt Service** obligations for FY 2004/05 total \$6.9 million, which is equivalent to the FY 2003/04 adopted budget. The Preserve Revenue Authority Bonds represent prior debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. The debt service remains level in FY 2004/05, as no new bonds of this type will be issued. All preserve debt, past and future is repaid from the dedicated 1995 Preservation Privilege (Sales) Tax (.20%) authorized by the voters in 1995.

#### General Obligation Bond Debt Service Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$40.0	\$40.0*
2003/04	\$35.1	\$31.9*
2002/03	\$32.4	\$31.4
2001/02	\$30.3	\$25.2

#### Special Assessment Debt Service Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.8	\$2.8*
2003/04	\$2.9	\$2.9*
2002/03	\$2.6	\$2.3
2001/02	\$3.1	\$2.6

#### Preserve Revenue Bonds Authority Debt Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.9	\$6.9*
2003/04	\$6.9	\$6.9*
2002/03	\$6.9	\$6.9
2001/02	\$6.9	\$6.8

### Debt Service Fund Balance

The Debt Service Fund balance varies primarily due to the timing of debt issuances and related repayment schedule. The ending FY 2004/05 fund balance is projected to be \$10.5 million, which is equal to the FY 2003/04 year-end estimate.

## Enterprise Funds

### Description

The City uses three separate Enterprise Funds to account for the activity of this proprietary fund type. The individual funds are Water & Sewer, Solid Waste, and Aviation. In the aggregate, the Enterprise Funds are the City's second largest source of revenues, which are derived from user fees and charges. User fees and charges are established to promote efficiency by shifting payment of costs to specific users of services and avoiding general taxation. Moderate rate increases are included as part of this budget to offset increasing operating costs, mandated environmental standard compliance, and pay-as-you-go capital costs attributable to repair and replacement of infrastructure. The applicable specific revenues of the individual funds along with each fund's purpose are described below:

### Water & Sewer Funds

#### Fund Purpose

This fund accounts for the activity related to the City's water and sewer business activity, including operating and debt service payments. Capital Expenditures are accounted for in various CIP funds.

#### Water & Sewer Funds Revenues and Transfers-In

**Water Charge Revenue** The Water Charges revenue proposed budget for FY 2004/05 totals \$70.8 million, which reflects a \$1.4 million increase or 2.0% from FY 2003/04 year-end estimate. The increase is a combination of a proposed increase in the water rate and growth from anticipated new customers, partially offset by a decrease in water consumption. Monthly water billings consist of a base charge according to meter size and a variable charge for the amount of water consumed. The FY 2004/05 budget includes a proposed 3.0% water rate increase for increased operating and capital costs resulting from the following "unfunded" mandated and proposed regulations from the United States Environmental Protection Agency (EPA): (1) EPA Mandatory Arsenic Rule requiring that utilities decrease the maximum contaminant level of arsenic in drinking water from 50 parts per billion to 10 parts per billion by 2006; and (2) Pending EPA Disinfection by-product regulation (by-products resulting from adding chlorine to water) requiring that water systems in the United States reduce Disinfection by-products in potable water at all points of delivery in the system. The City anticipates required compliance by 2006. These significant federal "unfunded" mandates will require costly improvements to Scottsdale's Water treatment and delivery systems in order to meet the new requirements.

Because the majority of the City's groundwater resources exceed the new standard for arsenic, the City is particularly susceptible to arsenic related cost increases. The City must continue its reliance on groundwater, where arsenic is naturally occurring, for peak demand and drought protection. Therefore, the City has incorporated an arsenic mitigation program into its capital improvement program to ensure that

Water Charges Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$70.8	\$70.8*
2003/04	\$71.4	\$69.4*
2002/03	\$65.9	\$66.7
2001/02	\$62.5	\$65.1

the City's groundwater supply resources will be in compliance with the Arsenic Rule by January 2006. The arsenic mitigation program has identified the most cost-effective method for treating the groundwater, has initiated land acquisition for planned treatment facilities, and has secured contracts for the design and construction of these facilities. The estimated cost for this program is approximately \$59.5 million during the planning horizon. This program benefits existing customers.

As noted, the City must also address environmental regulations that require all water systems in the United States to reduce the maximum contaminant level of disinfection by-products in potable water at all points of system delivery. To ensure compliance, the City will add granular-activated carbon to its treatment processes at its treatment facilities. Total projected costs for disinfection by-products compliance is \$40 million for existing customers. The total capital costs for the City to address these "unfunded" federal mandates is approximately \$100.0 million

The financial plan to address these requirements calls for debt issuance that will help level the impacts to our customers over many years, thereby avoiding large rate increase in any one year.

**Sewer Charge Revenue** budget for FY 2004/05 totals \$26.1 million, which reflects a \$1.8 million or 1.9% increase from the FY 2003/04 year-end estimates. The increase is a combination of a proposed increase in the sewer rate and growth from anticipated new customers. Residential customers are charged a flat fee per month and commercial users are charged based upon water consumption and type of business. Fees are studied annually to determine if they are covering the cost of providing this service. The FY 2004/05 budget includes a 2.5% rate increase for the costs associated with expansion and upgrades to wastewater treatment facilities.

**Stormwater Water Quality Charge** revenue of \$0.6 million in FY 2004/05 relates to a proposed 1.0% increase to existing environmental water quality charge to help pay a portion of the Stormwater Management program costs. These costs are driven by "unfunded" federal mandates that require the City to operate under National Pollutant Discharge Elimination System (NPDES) permit to address the quality of stormwater runoff.

## Overview of User Fees Revenue Policy

Enterprise User Fees rate adjustments are based upon five-year financial plans developed for each operation, and are reviewed annually per Scottsdale's adopted financial policies to meet the stated objectives of:

- Equity — charges are borne by the beneficiaries of a project or service;
- Level distribution of necessary cost increases — to avoid large rate increases in any one year;
- Increasing debt as little as possible — to ensure that the City can meet bond coverage requirements and remain financially healthy;
- Rate design — which encourages conservation and efficient use of City resources.

### Sewer Charge Revenue Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$26.1	\$26.1*
2003/04	\$25.9	\$25.6*
2002/03	\$26.8	\$25.5
2001/02	\$26.5	\$24.3

### Stormwater Water Quality Charge Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.6	\$0.6*
2003/04	-	-
2002/03	-	-
2001/02	-	-

**Effluent Sales** revenue budget totals \$0.5 million, which reflects approximately a \$0.1 million increase from the FY 2003/04 year-end estimate. Effluent sales relate to the sewage treated to irrigation standards at the City's Water Campus for the twenty golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System and the Gainey Ranch golf course effluent use from that regional wastewater plant. Both are contractual obligations to provide effluent water for irrigation uses and all costs for providing these services are recovered through rates charged for the use.

Effluent Sales Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.4	\$0.4*
2002/03	\$0.3	\$0.5
2001/02	\$0.4	\$0.4

**Interest Earnings** are generated on idle Water & Sewer Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest revenue for FY 2004/05 of \$4.2 million reflects a \$2.1 million increase from the FY 2003/04 year-end estimate.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.2	\$4.2*
2003/04	\$2.1	\$2.1*
2002/03	\$2.3	\$0.5
2001/02	\$5.3	\$2.0

**Miscellaneous Revenue** budget totals \$2.2 million for FY 2004/05, which is a \$1.0 million increase from the FY 2003/04 year-end estimate. Receipts from the Central Groundwater Treatment Facility Superfund site are the primary revenue contributor.

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.2	\$2.2*
2003/04	\$1.2	\$1.2*
2002/03	\$3.9	\$7.1
2001/02	\$3.8	\$3.3

**Transfers-In** include the \$5.0 million portion of Sewer Development fee revenues received in the enterprise capital improvement fund, which is transferred to the General Fund budget to pay debt service on revenue bonds issued for development-related capital improvements. The FY 2004/05 budget remains consistent with the FY 2003/04 year-end estimate.

## Water & Sewer Fund Expenditures By Expenditure Type

The Water & Sewer Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay and debt service. Additionally, there are transfers-out to other funds.

**Personal Services** budget of \$11.3 million represents 17.6% of the FY 2004/05 Water & Sewer operating budget. The proposed FY 2004/05 personal services budget increased \$0.7 million from the FY 2003/04 adopted budget. Major personal services cost drivers in the budget include increases of \$0.6 million related to health insurance costs, retirement system costs, and a proposed 2.5% salary market adjustment, and an additional 3.0 FTEs for increased maintenance efforts at both existing and new facilities at a cost of \$0.1 million for FY 2004/05.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.3	\$11.3*
2003/04	\$10.6	\$10.6*
2002/03	\$9.9	\$9.7
2001/02	\$9.9	\$9.6

**Contractual Services** budget of \$20.1 million represents 31.3% of the FY 2004/05 Water & Sewer operating budget. The budget increased \$1.2 million from the FY 2003/04 adopted budget due to the 91<sup>st</sup> Avenue Wastewater Treatment Plant billing estimates from the City of Phoenix based on strengths and flows.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$20.1	\$20.1*
2003/04	\$18.9	\$18.9*
2002/03	\$17.9	\$16.6
2001/02	\$19.5	\$18.4

**Commodities** budget of \$13.5 million represents 21.0% of the FY 2004/05 Water & Sewer operating budget. The proposed FY 2004/05 commodities budget increased \$0.7 million from the FY 2003/04 adopted budget related to water treatment chemicals and lab supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.5	\$13.5*
2003/04	\$12.8	\$12.8*
2002/03	\$13.6	\$12.3
2001/02	\$14.5	\$11.8

See glossary for  
Expenditure Type  
definitions.

**Capital Outlay** budget for FY 2004/05 is \$0.1 million, which is 0.2% of the FY 2004/05 Water & Sewer operating budget. The proposed FY 2004/05 budget increase of \$0.1 million is related to proposed purchase and upgrades of water trucks to meet additional workload capacity needs and address safety requirements.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.1	\$0.1*
2003/04	\$0	\$0*
2002/03	\$0	\$0.1
2001/02	\$0.2	\$0.2

**Debt Service** budget of \$19.3 million represents 30.0% of the FY 2004/05 Water & Sewer operating budget. The proposed FY 2004/05 debt services budget increased \$5.3 million from the FY 2003/04 adopted budget related to issuance and sale of \$75.0 million principal amount M.P.C. Bonds. General Obligation Bond debt service for bonds previously issued decreased \$0.4 million, or 7.1%. Revenue Bond debt service for bonds previously issued remained unchanged. Debt service payments are funded from water and sewer service fees and an annual transfer of \$4.9 million in sewer development fees from the Capital Improvement Program.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$19.3	\$19.3*
2003/04	\$14.0	\$14.0*
2002/03	\$15.9	\$11.4
2001/02	\$13.0	\$14.5

**Transfers-Out** equal \$35.7 million, which is a decrease of \$13.4 million over the prior year budget. The decrease is primarily attributable to a decrease in the capital fund transfer. The other transfers-out to the General Fund include \$0.6 million for the Stormwater Management Program and \$0.2 million for security contract.

## Water & Sewer Fund Balance/Reserves

Fund Balance/Reserves protect the City's financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when revenues exceed expenditures. Fund balances are similar to a company's net equity (assets less liabilities). Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) expenditures since once fund balances are spent, they are only replenished by future year resources in excess of expenditures.

The City's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the City to "set aside savings" before it is allocated or spent as budgeted expenditures. The specific make-up of the City's fund balance and reserves are noted below:

**Operating Reserve** of \$18.3 million is projected for the end of FY 2004/05. This reserve is intended to ensure adequate funding for operations for a period of 90 days.

**Repair/Replacement Reserve** of \$16.4 million is required by the revenue bond indenture to ensure that funds are set aside to preserve the assets, which in turn are the collateral for the Water Revenue Bonds. The reserve is required to be at least 2 percent of the revenues received during the year, or until the reserve equals 2 percent of the value of total tangible assets. The reserve may be used from time to time for replacement or extension of the assets.

**Unreserved Fund Balance** for FY 2004/05 is zero. This fund balance represents the net financial resources that are expendable or available for budgeting. In the event there is a remaining unreserved fund balance at fiscal year-end, the balance is transferred to the Capital Improvement Program.

## Solid Waste Fund

### Fund Purpose

This fund accounts for the transactions related to the City's solid waste and recycling business activity, including operating and debt service payments. Capital expenditures are accounted for in a separate Capital Improvement Plan fund.

### Solid Waste Fund Revenues

**Solid Waste Revenue** budget for FY 2004/05 totals \$16.7 million, which reflects a \$0.5 million or 3.4% increase in Solid Waste revenue from the FY 2003/04 year-end estimate. The nominal increase is solely attributable to growth from anticipated new customers. Solid Waste Charges are billed monthly for the pickup of solid waste. Residential customers are charged a flat fee per month, while commercial customers are charged based upon the size of the container and the number of pickups per month. In addition, the City also provides roll-off, uncontained service, recycling programs, and household hazardous waste collection. The FY 2004/05 budget includes no rate increase for residential and commercial customers.

**Interest Earnings** budget of \$40,468 for FY 2004/05 is expected to remain relatively flat with the FY 2003/04 year-end estimate. Interest Earnings are generated on idle Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield.

#### Solid Waste Charges Adopted Budget to Actual/Estimate\* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.7	\$16.7*
2003/04	\$16.2	\$16.2*
2002/03	\$16.1	\$16.3
2001/02	\$16.2	\$15.8

#### Interest Earnings Adopted Budget to Actual/Estimate\*

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$40,468	\$40,468*
2003/04	\$48,700	\$48,700*
2002/03	\$44,013	\$41,918
2001/02	\$35,000	\$55,200

## Solid Waste Fund Expenditures By Expenditure Type

The Solid Waste Fund expenditures are presented by the following four major expenditure categories: personal services, contractual services, commodities, capital outlay and debt service. Additionally, there are transfers-out to other funds.

**Personal Services** budget of \$4.3 million represents 32.3% of the FY 2004/05 Solid Waste Fund budget. The proposed FY 2004/05 personal services budget increased \$0.1 million or 2.0% from the FY 2003/04 adopted budget. The budget does not include any additional positions. Major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, and a proposed 2.5% salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.3	\$4.3*
2003/04	\$4.3	\$4.3*
2002/03	\$3.9	\$4.0
2001/02	\$3.8	\$3.7

**Contractual Services** budget of \$8.3 million represents 62.4% of the FY 2004/05 Solid Waste Fund budget. The proposed FY 2004/05 contractual services budget increased \$0.1 million or 1.0% from the FY 2003/04 adopted budget due in part to increased costs related to fleet maintenance and operations.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$8.3	\$8.3*
2003/04	\$8.2	\$8.2*
2002/03	\$8.0	\$7.7
2001/02	\$7.9	\$7.6

**Commodities** budget of \$0.3 million represents 2.3% of the FY 2004/05 Solid Waste Fund budget. The proposed FY 2004/05 commodities budget increased \$14,769 from the FY 2003/04 adopted budget related to purchase of additional refuse containers.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3*
2002/03	\$0.4	\$0.3
2001/02	\$0.6	\$0.4

See glossary for  
Expenditure Type  
definitions.

## ENTERPRISE FUNDS

## Budget by Fund

**Capital Outlay** budget of 70,000 represents 0.8% of the FY 2004/05 Solid Waste Fund budget. Funds will be used to purchase a new compact loader and trailer for more effective bulk collection services to residents.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$70,000	\$70,000*
2003/04	\$0	\$0
2002/03	\$231,452	\$7,530
2001/02	\$23,688	\$12,730

**Debt Service** includes approximately \$0.3 million for the payment of MPC debt service on the Transfer Station. The amount of the debt service is consistent with the prior year.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.3	\$0.3

### Solid Waste Fund Balance

**Operating Reserve** of \$3.3 million is projected for the end of FY 2004/05. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies and the probability of significant future increases in landfill costs.

**Unreserved Fund Balance** of \$1.9 million represents the net financial resources that are expendable or available for budgeting.

## Aviation Fund

### Fund Purpose

This fund accounts for the transactions related to the City's aviation business activity at the Scottsdale Airport, which includes operating and debt service payments. Capital Expenditures are accounted for in a separate CIP fund.

### Aviation Fund Revenues

**Aviation Fees and Charges** are for a variety of services provided to airport customers, (e.g., tie down fees, hangar rentals, fuel sales, and other rental charges). The FY 2004/05 budget of \$2.9 million remains flat with the FY 2003/04 year-end estimate. No rate increase is proposed for FY 2004/05.

**Interest Earnings** budget for FY 2004/05 totals \$24,215, which is up from the FY 2003/04 year-end estimate of \$9,924.

Aviation Fund Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.9	\$2.9*
2003/04	\$2.9	\$2.9*
2002/03	\$2.4	\$2.4
2001/02	\$1.5	\$1.7

**Transfers-In** budget of \$0.1 million for FY 2004/05 is related to jet fuel tax collected and receipted in the General Fund and transferred to reimburse the Aviation Fund. This is strictly a tax receipt process and is not a General Fund subsidy to the Aviation Fund.

### Aviation Fund Expenditures By Expenditure Type

The direct operating expenditures of the Aviation Fund are divided into the following three major expenditure categories, plus transfers-out:

**Personal Services** budget of \$0.8 million represents 57.1% of the FY 2004/05 Aviation funds operating budget. The proposed FY 2004/05 personal services budget increased by less than \$0.1 million from the FY 2003/04 adopted budget. The major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, and a proposed 2.5% salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.8	\$0.8*
2003/04	\$0.7	\$0.7*
2002/03	\$0.7	\$0.7
2001/02	\$0.6	\$0.6

See glossary for  
Expenditure Type  
definitions.

**Contractual Services** budget of \$0.5 million represents 35.7% of the FY 2004/05 Aviation funds operating budget. The proposed FY 2004/05 budget remains flat with the FY 2003/04 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.6
2001/02	\$0.5	\$0.5

**Commodities** budget of \$0.1 million represents 4.4% of the FY 2004/05 Aviation funds operating budget, which remains relatively flat with the FY 2003/04 adopted budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.1M	\$0.1M*
2003/04	\$61,670	\$61,670*
2002/03	\$64,670	\$31,176
2001/02	\$50,795	\$77,090

**Transfers-Out** equals \$1.3 million, which is an increase of \$0.1 million from the FY 2003/04 year-end estimate. The other transfers-out to the General Fund are consistent with the prior year.

### Aviation Fund Balance

**Operating Reserve** of slightly more than \$0.5 million is projected for the end of FY 2004/05. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies, provide for potential grant matches and to ensure that further General Fund subsidies are avoided.

**Unreserved Fund Balance** for FY 2004/05 is zero. The balance represents the net financial resources that are expendable or available for budgeting.

## Internal Service Funds

## Description

The City uses two separate Internal Service Funds to account for the activity of this fund type. The individual funds are Fleet Management and Self-Insurance Funds.

*Fleet Management Fund*

## Fund Purpose

This fund is used to account for the expenditures associated with purchasing and maintaining the City's vehicles. Replacement and operation of vehicles are charged to the City departments as internal operating costs to each program based on the quantity and type of vehicle used. The department charges become revenue to the Fleet Management Fund.

## Fleet Management Fund Revenues and Transfers-In

**Internal Charges** (Vehicle Acquisition and Maintenance & Operation) represent approximately 95.8% of this fund's operating resources (revenue and transfers-in). These charges are comprised of a "rental" rate to programs sufficient for the acquisition/replacement, maintenance and operation of City vehicles. Internal Charges for FY 2004/05 totals \$11.5 million and are projected to increase by approximately \$0.4 million from the FY 2003/04 year-end estimate. This is primarily attributed to the added cost to replace, maintain, and operate new vehicles added in FY 2003/04 and late FY 2002/03.

**Miscellaneous Revenue** from surplus property sales is budgeted at \$0.2 million for FY 2004/05, which is down a nominal \$16,518 compared to the FY 2003/04 year-end estimate.

**Internal Charges**  
Adopted Budget to Actual/Estimate\*  
(in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.5	\$11.5*
2003/04	\$11.1	\$11.1*
2002/03	\$10.5	\$10.5
2001/02	\$10.9	\$10.7

**Miscellaneous Revenue**  
Adopted Budget to Actual/Estimate\*  
(in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.2	\$0.2*
2003/04	\$0.3	\$0.2*
2002/03	\$0.3	\$0.2
2001/02	\$0	\$0.5

**Interest Earnings** budget for FY 2004/05 totals \$0.4 million, which is a \$0.1 million increase from the FY 2003/04 year-end estimate. Interest earnings are generated on idle Fleet Management Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.2	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.7	\$0.5

**Transfers-In** to the Fleet Management Fund are for new vehicle purchases budgeted in other funds and transferred into the Fleet Management fund or the actual purchase. No new vehicle transfers are included in the proposed FY 2004/05 budget.

## Fleet Management Fund Expenditures By Expenditure Type

The direct operating expenditures of the Fleet Management Fund are divided into the following four major expenditure categories:

**Personal Services** budget of \$2.6 million represents 25.0% of the FY 2004/05 Fleet Management Fund operating budget. The proposed FY 2004/05 personal services budget increased \$0.1 million or 6.0% from the FY 2003/04 adopted budget. Major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, a proposed 2.5% salary market adjustment, and an additional 4.0 FTEs with staggered hire dates starting in March 2005 for maintenance support of City's municipal fire department at a cost of \$44,192.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.6	\$2.6*
2003/04	\$2.5	\$2.5*
2002/03	\$2.6	\$2.3
2001/02	\$2.6	\$2.4

**Contractual Services** budget of \$0.7 million represents 6.7% of the FY 2004/05 Fleet Management Fund operating budget. The proposed FY 2004/05 contractual services budget increased 2.0% from the FY 2003/04 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.7	\$0.7*
2003/04	\$0.7	\$0.7*
2002/03	\$0.7	\$0.7
2001/02	\$0.7	\$0.7

**Commodities** budget of \$3.5 million represents 33.0% of the FY 2004/05 Fleet Management Fund operating budget. The proposed FY 2004/05 commodities services budget increased \$0.3 million from the FY 2003/04 adopted budget related to increased prices for gas, as well as petroleum-based products and supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.5	\$3.5*
2003/04	\$3.2	\$3.2*
2002/03	\$3.3	\$3.5
2001/02	\$3.5	\$3.0

**Capital Outlay** budget of \$3.6 million represents 34.6% of the FY 2004/05 Fleet Management Fund operating budget. The proposed FY 2004/05 capital outlay budget remains flat with the FY 2003/04 adopted budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.6	\$3.6*
2003/04	\$3.5	\$3.5*
2002/03	\$5.4	\$3.9
2001/02	\$4.8	\$4.6

### Fleet Management Fund Balance

The Fleet Management Fund balance varies primarily due to the vehicle replacement schedule. The portion of internal charges to programs for replacement vehicles is evenly spread over the expected life of the vehicles. This charge becomes revenue to the Fleet Management Fund and is representative of the replacement charge for many vehicles with differing useful lives. Therefore, the revenue does not vary significantly by year, but the year in which vehicles are purchased may vary significantly if, for example, several large, expensive vehicles are scheduled for replacement in a single year. The fund balance at the end of each year includes the accumulated balance to be used for future year vehicle purchases.

The ending FY 2004/05 fund balance is projected to be \$9.3 million, which remains level with the FY 2003/04 year-end estimate.

See glossary for  
Expenditure Type  
definitions.

## Self-Insurance Fund

### Fund Purpose

The Self-Insurance Fund is used to account for the City's self-insurance program. Revenue to this fund is derived from charges to user programs. This fund provides coverage of unemployment, self-insured benefits, workers' compensation, property, and liability claims.

### Self-Insurance Fund Revenues and Transfers-In

**Internal Charges (Property & Liability Insurance)** represent approximately 22.0% of this fund's operating resources. These charges are comprised of a self-insurance charge covering general and auto liability/physical damages, workers' compensation, unemployment taxes and property charges. The FY 2004/05 budget of \$4.1 million remains flat with the FY 2003/04 year-end estimate.

Internal Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.1	\$4.1*
2003/04	\$4.1	\$4.1*
2002/03	\$4.3	\$4.1
2001/02	\$4.7	\$4.7

**Group Health and Dental (Employer/Employee)** represent approximately 70.0 % of this fund's operating resources. These charges are comprised of employer and employee contributions toward the City being fully self-insured. The FY 2004/05 budget of \$13.2 million reflects the first year of full self-insured status by the City.

Group Health and Dental Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.2	\$13.2*
2003/04	-	-
2002/03	-	-
2001/02	-	-

**Interest Earnings** are generated on idle Self-Insurance Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield. The FY 2004/05 budget of \$0.4 million, which now includes interest earnings pertaining to Group Healthcare, reflects a \$0.2 million increase from the FY 2003/04 year-end estimate.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.2	\$0.2*
2002/03	\$0.3	\$0.3
2001/02	\$0.8	\$0.5

## INTERNAL SERVICE FUNDS

## Budget by Fund

**Tort Claims (Property Taxes)** reimburse the City for the actual cost of liability claim judgments during the most recent calendar year, as allowed by the Arizona Attorney General. Claim judgments are paid from the Self-Insurance Fund – an Internal Service Fund – and therefore, the reimbursement becomes revenue to this fund. The FY 2004/05 budget of \$0.4 million reflects a decrease of \$0.2 million from the FY 2003/04 year-end estimate, which is attributable to fewer liability claim judgments paid by the City in the prior year.

Property Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.6	\$0.6*
2002/03	\$1.0	\$0.6
2001/02	\$0	\$0.6

**Transfers-In** total \$0.6 million from the General Fund to address anticipated rate increases and future actuarially determined funding needs.

## Self-Insurance Fund Expenditures By Expenditure Type

The direct operating expenditures of the Self-Insurance Fund are divided into the following three major expenditure categories plus transfers-out:

**Personal Services** budget of \$0.5 million represents 9.6% of the FY 2004/05 Self-Insurance Fund budget. The proposed FY 2004/05 personal services budget increased 3.0% from the FY 2003/04 adopted budget. The budget does not include any additional positions. Major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, and a proposed 2.5% salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.5
2001/02	\$0.5	\$0.5

**Contractual Services** budget of \$4.7 million represents 90.4% of the FY 2004/05 Self-Insurance Fund budget. The proposed FY 2004/05 contractual services budget remains flat with the FY 2003/04 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.7	\$4.7*
2003/04	\$4.7	\$4.7*
2002/03	\$4.6	\$4.3
2001/02	\$3.9	\$5.2

**Commodities** budget of \$42,500 represents less than 1.0% of the FY 2004/05 Self-Insurance Fund budget. The proposed FY 2004/05 commodities budget remains consistent with the FY 2003/04 adopted budget.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$42,500	\$42,500*
2003/04	\$0.1	\$0.1*
2002/03	\$0.2	\$0.1
2001/02	\$0.1	\$0.1

**Transfers-Out** budget of \$11,000 will be sent to the CIP fund for replacement of technical equipment.

## Self-Insurance Fund Balance

The Self-Insurance Fund balance is maintained to provide for coverage of unemployment, self-insured benefits, workers' compensation, property and liability claims. The required fund balance is actuarially determined on an annual basis.

The ending FY 2004/05 fund balance is projected to be \$20.1 million, which is an increase of \$2.1 million from the FY 2003/04 year-end estimate.

## Trust Funds

### Description

This fund is used to account for assets "held in trust" by the City. The City holds the funds in a trustee capacity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 34. All funds not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose. The City maintains the following three Trust Funds.

### *Streetlight Districts & Downtown Enhanced Service District*

#### Fund Purpose

Used to account for proceeds received by property owners in return for the City providing agreed-upon increased levels of municipal services beyond the standard level of core City service. The FY 2004/05 proposed budget is \$1,055,300 and will be used to pay for contractual services.

### *Mayor's Committee for Employment of the Handicapped*

#### Fund Purpose

Used to account for proceeds for programs and activities to promote employment of handicapped individuals. The FY 2004/05 proposed budget is \$10,000 and will be used to pay for contractual services.

### *Scottsdale Memorial Hospital Redevelopment*

#### Fund Purpose

Used to account for expenditures related to the development of the Scottsdale Memorial Hospital area. The FY 2004/05 proposed budget is \$435,400 and will be used to pay for capital outlay.



### Five-Year Capital Improvement Plan

The material presented in this section provides an overview of the City's CIP development process, project evaluation criteria, funding sources, operating impacts associated with capital projects, and a capital projects list, for further detail see Volume Three.

The capital budget authorizes and provides the basis for control of expenditures for the acquisition of significant City assets and construction of all capital facilities. A five-year Capital Improvement Plan (CIP) is developed and updated annually, including anticipated funding sources. Capital budget appropriations lapse at the end of the fiscal year; however, they are re-budgeted until the project is complete and capitalized. As capital improvement projects are completed, the operation of these assets is funded in the Program Operating Budget.

The Program Operating Budget authorizes and provides the basis for control of operating expenditures for both internal and citizen services, including operating and maintaining new capital facilities. Program Operating Budget appropriations lapse at the end of the fiscal year. The Program Operating Budget is funded with recurring annual revenues such as taxes, licenses, fines, user fees, and interest income.

The following guidelines determine what is a CIP project:

- Relatively high monetary value (at least \$25,000)
- Long life (at least five years)
- Results in creation of a fixed asset, or the revitalization of a fixed asset

Included within the above definition of a Capital project are the following items:

- Construction of new facilities
- Remodeling or expansion of existing facilities
- Purchase, improvement and development of land
- Operating equipment and machinery for new or expanded facilities
- Planning and engineering costs related to specific capital improvements
- Street construction, reconstruction, resurfacing or renovation

In general, automotive and other rolling stock, personal computers, and other equipment not attached to or part of new facilities are not to be included as a CIP project. The exception to this is when the total dollar amount of all the items are of a considerable value that they are grouped together and considered as a single capital project.

The City of Scottsdale uses two cross-departmental CIP Coordination Teams, one for review of construction related projects and the other for review of technology related projects. The **Construction Review Team** (see appendix for a list of staff names) consists of seven individuals from a variety of programs and professional disciplines to review project submissions and ensure that:

- Projects are scoped properly (a building has ADA access, includes telephones, computers, etc.)
- Infrastructure components are coordinated (a waterline is installed at the same time as a roadway improvement at a specific location)
- Long-term operating impacts are included in estimates (staffing, utility and maintenance costs are considered)
- Timeframes for construction activity and cash flow requirements are realistic
- Projects are coordinated geographically (i.e., not more than one north/south major thoroughfare is restricted at a time), and
- Project costs are reviewed to determine the adequacy of the budget and appropriate funding sources

The **Technology Review Team** (see appendix for a list of staff names) included eight individuals from a variety of programs to review technology project submissions and ensure that:

- Project meets City's current hardware, software and security standards
- If technology will be accessed from remote locations what network bandwidth requirements are needed to support the application
- Long-term operating impacts are included in estimates (training, maintenance and support)
- Who is responsible for funding ongoing maintenance of hardware, operating system, application and database, if applicable
- Who is responsible for day-to-day support

- Does the system require after hours technical support
- Includes funding to cover ongoing monthly communication costs associated with the system, if applicable
- Backups and data retention have been considered
- Disaster recovery and security considerations have been taken into account

While these examples are not exhaustive they provide excellent examples of the value added through project review by cross-departmental teams.

Each department was required to submit both new project requests and rejustifications to the applicable CIP review team. If the review teams had questions concerning a request the departments were asked to clarify the issue to assist the review team in prioritizing the project against all City needs.

After this far-reaching review process the CIP Review Teams prioritize the program. Projects are prioritized based on City Council's Broad Goals, department priorities, anticipated funding sources, and during the first review the International City/County Management Association (ICMA) Project Prioritization Matrix as adjusted for the City of Scottsdale. The ICMA Prioritization Criteria were obtained from Capital Projects: New Strategies for Planning, Management, and Finance, Copyright 1989, pp 85-87.

### The twelve prioritization criteria used by Scottsdale for construction related projects are:

- 1. Capital Cost** - This element is for the total cost of constructing or installing the proposed work. Of particular concern in assigning a score for this element is the question of what makes a project a high or low priority. For purposes of this evaluation, use the following rating range:

CAPITAL COST	SCORE
Under \$100,000	5
\$100,000 - \$1,000,000	4
\$1,000,000 - \$5,000,000	3
Over \$5,000,000	2

This "forced" scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current tight financial status of CIP funds. A project that is relatively expensive that should be deemed an overall high priority project will have its rank bolstered by other evaluation elements in which it will receive high rating scores.

- 2. Annual Recurring Costs** - The expected change in operation and maintenance costs. Program operating departments provide year-by-year estimates of the additional costs or reductions likely in the program budget because of the new project. Also to be considered are changes in revenues that may be affected by a project, for example, the loss in property taxes incurred when private land is used for a capital project. See Capital Projects Operating Impacts schedule on page ??? of this section.
- 3. Health and Safety Effects** - This criterion includes health-related environmental impacts like reductions/increases in traffic accidents, injuries, deaths, sickness due to poor water quality, health hazards due to sewer problems, etc.
- 4. Community and Citizen Benefits** - Economic impacts such as property values, the future tax base, added jobs, income to citizens, changes in business income, and the stabilization (or revitalization) of neighborhoods. Such impacts may apply more to capital projects related to growth and expansion than to infrastructure maintenance although deteriorating structures can adversely affect business.
- 5. Environmental, Aesthetic, and Social Effects** - A catch-all criterion for other significant quality-of-life-related impacts, this includes community appearance, noise, air and water pollution effects, households displaced, damage to homes, effect on commuters, changes in recreational opportunities, etc.
- 6. Distributional Effects** - Estimates of the number and type of persons likely to be affected by the project and nature of the impact; for instance, explicit examination of project impact on various geographical areas; on low-moderate income areas; and on specific target groups. Equity issues are central here - who pays, who benefits, and the social goals of the jurisdiction.
- 7. Public Perception of Need** - This criterion refers to project assessment of (a) the extent of public support; (b) interest group advocacy and/or opposition.
- 8. Feasibility of Implementation** - This element is a measure of (a) special implementation problems (e.g., physical or engineering restraints) and (b) compatibility with the General Plan.
- 9. Implication of Deferring the Project** - Deferring capital projects is tempting for hard-pressed governments but an estimate of the possible effects, such as higher future costs and inconvenience to the public, provides valuable guidance in proposal assessment.

10. **Uncertainty of Information Supplied** - Amount of uncertainty and risk - For each proposal, each of the above criteria will have associated with it some degree of uncertainty as to cost estimates, effect on service quality, or impact of new procedures. When substantial uncertainties exist regarding any of the evaluation criteria for any proposal, the City should consider estimating, at least in broad terms, the amount of uncertainty — probability of occurrence — and the magnitude of the likely negative consequences. Few cities generate such information but even “educated guesses” are useful here.
11. **Effect on Interjurisdictional Relationships** - Possible beneficial/adverse effects on relationships with other jurisdictions or quasi-governmental agencies in the area constitute this criterion. Such effects, e.g., waste disposal via landfills in other jurisdictions, are likely to require special regional coordination and could impair the proposal's attractiveness.
12. **Mayor and City Council's Broad Goals** - If a capital project directly addresses the Mayor and City Council's Broad Goals, the relative attractiveness of that project increases.

### The ten prioritization criteria used by Scottsdale for technology related projects are:

1. **Capital Cost** - This element is for the total cost of constructing or installing the proposed work. Of particular concern in assigning a score for this element is the question of what makes a project a high or low priority. For purposes of this evaluation, use the following rating range:

CAPITAL COST	SCORE
Under \$100,000	5
\$100,000 - \$1,000,000	4
\$1,000,000 - \$5,000,000	3
Over \$5,000,000	2

Again, this “forced” scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current tight financial status of CIP funds. A project that is relatively expensive that should be deemed an overall high priority project will have its rank bolstered by other evaluation elements in which it will receive high rating scores.

2. **Annual Recurring Costs** - This element reflects other costs relative to a proposed project, including operation and maintenance costs, licensing costs, and potential revenues generated by the completed project. If a project has potentially high O&M and licensing costs, then a lower rating should be assigned. If a project has the potential of generating revenues, then a higher rating should be assigned. Overall, the score for this element should reflect a compilation of all three factors. See Capital Projects Operating Impacts schedule on page ??? of this section.
3. **Technological Infrastructure** - This criterion refers to projects required to maintain the technology infrastructure for essential City operations. This would include such items as networks and servers; telephone PBX, extension or improvements to the Wide Area Network for remote locations, etc. Projects that include elements related to these items would necessarily be scored higher than projects that don't support the integrity of the technology infrastructure.
4. **Service Enhancement And Staff/Citizen Benefits** - This element considers the impacts that a project may have on service and the benefits the project may offer to citizens or staff members. This criterion should be viewed in terms of the numbers of citizens or staff members that may benefit from the project and how a service may be enhanced by the project.
5. **Distributional (Cross-Departmental) Effects** - This element deals with the extent of influence of a proposed project. The impacts and benefits may be spread over the community at-large or to a specific geographic area or to the entire City staff or to specific City staff at specific locations.

An example of a project that would receive a higher rating score would be a utility billing project where almost all citizens would benefit from the project and some staff members also benefit. Compare this to a transit technology project that targets a specific population, and benefits a limited number of staff members.

6. **Feasibility of Implementation** - This element is a measure of: (a) special implementation problems, e.g. physical and engineering restraints and (b) compatibility with the City's overall Technology Plan. A project would be considered for higher rating score if it has few restraints to accomplish it and is also compatible with the overall Technology Plan.
7. **Implication of Deferring the Project** - This element accounts for the downside risk incurred for deferring a project, such as higher future costs, loss of contributions, continued inconvenience to the public and staff, possible constraints to network capacity, deterioration of the City's technology infrastructure or legal liability. In this evaluation, increased implications for delaying a project translates into a higher rating score.

Projects that address the limitations of a system or software package that may render a system unusable if corrective measures are not taken would score high for this element. In addition, a lower score might be in order if future lower costs associated with technology would come into the equation.

8. **Uncertainty of Information Supplied** - This element measures the success potential of a proposed project. Rating scores should be awarded based on the accuracy of information given by the proposing department, the detail of cost estimates, and the potential of the project going awry due to its very nature. Lower rating scores will be assigned for projects that, basically, have insufficient information to allow a "good" review of the project for prioritization.
9. **Effect on Regional Governance** - Rating scores should be determined based on the possible beneficial or adverse effects on a proposed project due to relationships with other jurisdictions or quasi-governmental agencies in the area. Such effects may require special regional coordination that could directly impact the success or scheduling of a project. The identification of such impacts may result in lower rating scores until such issues are resolved.
10. **Mayor and City Council's Broad Goals** - The question to answer is simply "does it or doesn't it" and, if the proposed project does, to what degree are the Mayor and City Council's Broad Goals being met?

After all proposed projects are prioritized using this criteria, the list of projects is reviewed from two more viewpoints: (1) Does the list stand an "intuitive check"? Do projects fall in the priority order that was "anticipated"?; and (2) Are there any linkages between projects? Are any projects related to each other in such a manner that having them accomplished concurrently would be advantageous? What about sequencing or timing? Are any projects dependent on the completion of other projects? Adjustments to the priority list may be necessary dependent on this final review.

The prioritized projects are subsequently reviewed by the City Manager, Assistant/Deputy City Manager, Chief Financial Officer, Budget Director, CIP Coordinator and various General Managers. Then the recommended five-year CIP Plan is reviewed by the City Council Budget Subcommittee and by the full City Council during budget work study sessions and public hearings prior to budget adoption.

### Capital Improvement Plan - Funding Sources

The Capital Improvement Plan uses funding from prior year carryovers. Prior year carryovers are "blended" funding from the various funding sources described below. For FY 2004/05 – 2008/09 the funding added to the prior year carryovers includes 2000 voter-approved bonds and Preservation G.O. Bonds. These General Obligation Bonds, together with Municipal Property Corporation Bonds, provide the bond-funded portion of the plan, which is approximately 33.1% of the CIP funding in FY 2004/05 – 2008/09. Approximately 66.9% of Scottsdale's FY 2004/05 – 2008/09 CIP is funded with pay-as-you-go revenues which include development fees, dedicated sales tax revenues and contributions from fund balance transfers. The following pie chart represents funding source percentages for FY 2004/05 – 2008/09, while the table presents the five-year comparison of the funding sources on a cash flow basis.

Funding sources for the CIP are presented on a cash flow basis. These revenue sources are presented in the period that the revenue is expected to be collected. Funding sources include estimated balances on hand at the beginning of the period as well as revenue expected to be received during the period. As a result of presenting revenue on the cash basis, pay-as-you-go funding sources do not equal budgeted expenditures in each period, sometimes creating a fund deficit as cash accumulates for project expenditures in subsequent years.

All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or general obligation bonds appropriately pay for projects that benefit the general public as a whole. User fees, development fees, and/or contributions pay for projects that benefit specific users. Other factors considered when funding the capital plan are whether the financing method provides funding when needed and the financial costs associated with the funding source. The following summarizes some of the funding sources for the CIP.

**General Obligation (G.O.) Bonds** are bonds that are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer's property taxing power, and must be authorized by the electorate.

**Municipal Property Corporation (MPC) Bonds** are issued by the Municipal Property Corporation, a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation, but does not require voter approval. The repayment of MPC debt is financed by pledged excise taxes.

**Preserve Bonds** represent debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. The 1998 election expanded the recommended study boundary (RSB) from the original 12,876 acres to 36,400 acres and this budget provides for authority to continue preservation efforts. Preserve debt is repaid by a dedicated 0.2% sales tax authorized by the voters in 1995.

**Water & Sewer Development Fees** are revenues received from developers when new construction developments are made. These fees are based upon the increased costs of providing additional infrastructure and services in the development areas.

**Contributions** represent amounts paid by other organizations to pay for capital projects. Other contributions come from developers to pay for capital projects in development areas.

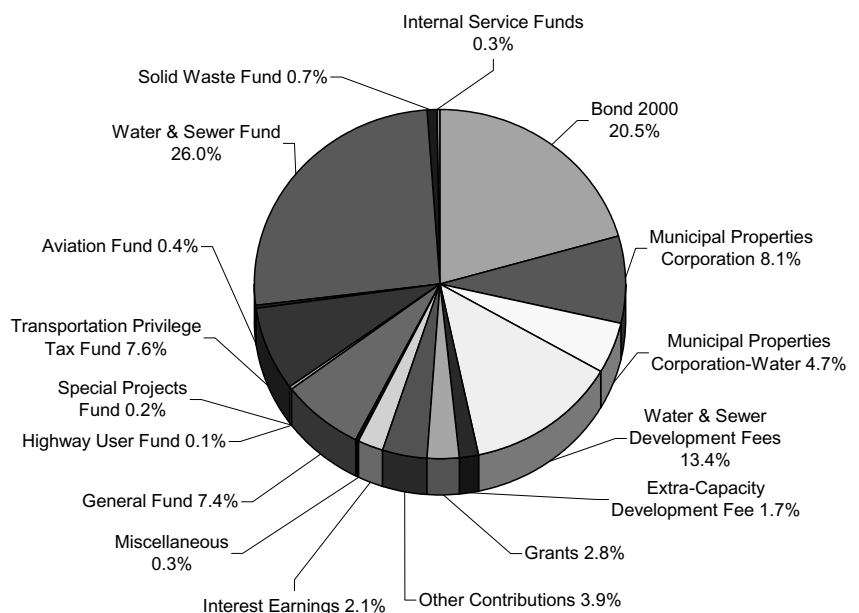
**Tourism – Bed Tax** represents revenues received from privilege tax on hotel and motel room rentals within the City. These funds pay for capital projects that increase tourism.

**General Fund** transfers represent the pay-as-you-go contribution from general revenues for capital projects without a dedicated funding source.

**Water & Sewer Funds** are utility bill revenues received from the sale of domestic water and the fees collected for the disposal of sanitary sewer waste from customers within the City. Water & Sewer operating revenues in excess of operating expenditures are transferred to CIP to fund water and sewer projects.

**Transportation Privilege (Sales) Tax** represents revenues received from the 1989 voter approved 0.2% sales tax on local retail and other sales.

**Prior year Carryovers** are committed funds from prior year purchase orders that are rebudgeted until they are expended and uncommitted funds rebudgeted until the projects are completed.



# FIVE-YEAR PLAN SUMMARY

## Capital Improvement Plan

Proposed FY 2004/05 Budget Five-Year Financial Plan Capital Improvement Plan (in thousands)					
	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<b>Source of Funds:</b>					
<b>Beginning Fund Balance *</b>	<b>402,148.0</b>	<b>249,568.9</b>	<b>183,264.9</b>	<b>113,256.7</b>	<b>70,448.5</b>
<b>Revenues</b>					
Bonds/Contracts					
General Obligation	-	67,000.0	35,000.0	14,000.0	19,000.0
Municipal Properties Corporation	25,100.0	28,027.5	-	-	-
Municipal Properties Corporation-Water		18,000.0	-	13,000.0	-
Pay-As-You-Go					
Water & Sewer Development Fees	16,779.5	17,199.0	17,629.0	18,069.7	18,521.4
Extra Capacity Development Fee	-	-	-	-	11,000.0
Grants	8,199.9	4,392.3	4,976.1	180.0	713.0
Other Contributions	16,701.0	6,856.0	1,814.0	150.0	150.0
Interest Earnings	2,758.3	3,075.1	2,954.8	2,820.5	2,362.3
Miscellaneous	1,065.4	150.3	635.3	150.3	0.3
<b>Subtotal</b>	<b>70,604.1</b>	<b>144,700.2</b>	<b>63,009.2</b>	<b>48,370.5</b>	<b>51,747.0</b>
<b>Transfers In</b>					
General Fund	12,502.9	10,356.5	11,181.7	8,328.9	6,196.3
Highway User Fund	74.8	73.0	73.7	73.7	73.7
Special Projects Fund	613.7	683.5	1.8	2.0	2.0
Transportation Privilege Tax Fund	9,398.7	9,699.5	10,039.0	10,390.3	10,702.0
Aviation Fund	823.9	463.9	19.1	533.8	661.8
Water & Sewer Fund	23,986.6	27,761.9	37,346.3	39,338.9	42,612.8
Solid Waste Fund	279.9	81.4	460.2	336.5	3,618.5
Internal Service Funds	1,653.2	37.0	37.1	37.6	37.6
<b>Subtotal</b>	<b>49,333.7</b>	<b>49,156.7</b>	<b>59,158.8</b>	<b>59,041.7</b>	<b>63,904.8</b>
<b>Sub-Total Revenues &amp; Transfers In</b>	<b>119,937.8</b>	<b>193,856.9</b>	<b>122,168.0</b>	<b>107,412.2</b>	<b>115,651.7</b>
<b>Total Sources of Funds</b>	<b>522,085.8</b>	<b>443,425.8</b>	<b>305,432.9</b>	<b>220,668.8</b>	<b>186,100.2</b>
<b>Use of Funds:</b>					
Community Facilities	134,225.1	38,412.9	20,703.6	6,419.7	790.6
Preservation	108,741.3	200.0	2,000.0	-	-
Neighborhood Drainage & Flood Control	22,456.8	16,496.9	6,634.6	150.0	-
Public Safety	51,194.2	14,857.6	979.0	6.5	4,075.1
Service Facilities	21,387.8	5,358.9	12,248.3	5,506.5	8,676.5
Transportation	139,285.3	52,008.3	37,814.7	17,670.0	15,161.0
Water Services	253,037.4	48,255.2	30,657.0	54,921.0	13,588.0
Prior Year Unexpended *	-	464,369.1	386,356.5	311,726.1	252,643.8
<b>Total Capital Improvement Plan Budget</b>	<b>730,327.9</b>	<b>639,958.9</b>	<b>497,393.7</b>	<b>396,399.8</b>	<b>294,935.0</b>
<b>Less: Estimated Inception to Date Expenditures</b>	<b>(265,958.8)</b>	<b>(253,602.4)</b>	<b>(185,667.5)</b>	<b>(143,756.0)</b>	<b>(108,163.6)</b>
<b>Subtotal: Unexpended at Year End</b>	<b>464,369.1</b>	<b>386,356.5</b>	<b>311,726.1</b>	<b>252,643.8</b>	<b>186,771.4</b>
<b>Transfers Out</b>					
To Water/Sewer Operating Funds	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
<b>Subtotal</b>	<b>6,558.1</b>	<b>6,558.5</b>	<b>6,508.7</b>	<b>6,464.3</b>	<b>6,408.9</b>
<b>Total Use of Funds</b>	<b>272,516.9</b>	<b>260,160.9</b>	<b>192,176.2</b>	<b>150,220.3</b>	<b>114,572.5</b>
<b>Ending Fund Balance</b>	<b>249,568.9</b>	<b>183,264.9</b>	<b>113,256.7</b>	<b>70,448.5</b>	<b>71,527.7</b>

\* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses).

### Capital Project List

The following is a summary of the capital projects listed in alphabetical order that are included in the City's five-year Capital Improvement Plan (CIP) for the period FY 2004/05 through FY 2008/09. Please note only the first year (FY 2004/05) of the CIP is adopted by the City Council. Subsequent years are presented solely for long-term planning purposes and may be funded in future periods, based on emerging community priorities and available funding. Further project detail such as project descriptions, specific funding source(s) and geographic location of the project are included in Volume Three. The column on the right-hand side of the matrix indicates the specific page cross-reference in Volume Three where the project detail can be found.

### PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/04	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Total	Volume 3 Page # Ref.
F2101	104th St Storm Drain/Cactus-Cholla	(97.5)	225.0	-	-	-	-	225.0	19
P0403	124th Street Access Area Amenities	-	1,526.1	-	-	-	-	1,526.1	19
V0402	91st Ave - Salt River Outfall Rehabilitation	(1,750.2)	7,000.0	1,000.0	1,000.0	-	-	9,000.0	19
V6402	91st Ave Waste Water Treatment Plant	(35,025.1)	40,636.0	4,000.0	5,000.0	6,000.0	3,000.0	58,636.0	20
V9901	91st Ave WWTP - UP01 Expansion	(20,029.0)	34,632.0	8,000.0	1,000.0	1,000.0	5,000.0	49,632.0	20
S9903	96th Street - Shea Blvd to Sweetwater Blvd	(712.8)	3,589.0	-	-	-	-	3,589.0	20
New	ABC Building Bathroom Remodel	-	40.0	-	-	-	-	40.0	21
B8805	Accessibility-Facility Modifications	(765.6)	1,330.2	250.0	250.0	218.2	200.0	2,248.4	21
A0308	ADOT E3S12 Design	(22.5)	200.2	-	-	-	-	200.2	21
A0409	ADOT E4S39 Security Improvements	(147.5)	284.6	-	-	-	-	284.6	22
V0204	Advanced Water Treatment Plant - Phase 3	(271.4)	9,750.0	-	-	-	-	9,750.0	22
New	AFIS Replacement	-	148.1	20.7	139.2	-	-	308.0	22
P0302	Aging Park Facility Renovations	(684.3)	4,497.3	-	-	-	-	4,497.3	23
P0204	Aging Parks - Chaparral Pool Building	(1,133.0)	1,605.0	-	-	-	-	1,605.0	23
n/a	Airport Parking Lot Lighting Upgrades	-	76.5	-	-	-	-	76.5	23
A0408	Airport Perimeter Blast Fence	(144.2)	189.4	-	-	-	-	189.4	24
A0401	Airport Security Fencing	-	250.0	-	-	-	-	250.0	24
A0302	Airport Terminal Area Renovations	-	110.0	380.0	-	503.1	503.2	1,496.3	24
W2105	Alameda/122nd St Booster Pump Station	(18.6)	150.0	700.0	700.0	-	-	1,550.0	25
New	Apron Pavement Overlay(PMMP)-Delta,Shades, Term	-	1,081.0	-	-	-	-	1,081.0	25
New	Apron Pavement Reconstruction-Corporate Jets	-	-	-	-	-	751.0	751.0	25
P0201	Arabian Library Phase II	(478.9)	479.5	8,172.5	-	-	-	8,652.0	26
W3705	Architect / Engineer Services	(1,423.7)	1,710.0	-	150.0	-	-	1,860.0	26
W2106	Arsenic Mitigation Treatment	(2,206.7)	34,500.0	15,000.0	10,000.0	-	-	59,500.0	26
P8740	Art In Public Places	(3,189.5)	5,235.4	379.0	421.9	147.3	115.6	6,299.2	27
T9005	Arterial Roadway Street Lighting	(227.3)	828.1	-	-	-	-	828.1	27
New	Asset Consolidation	-	2,000.0	-	-	-	-	2,000.0	27
F8410	Automated Flood Warning System-North Area	(21.0)	194.4	-	-	-	-	194.4	28
New	Aviation Grant Match Contingency	-	150.0	-	-	-	-	150.0	28
A0301	Aviation Noise Exposure Maps	(317.6)	340.9	-	-	-	-	340.9	28
M9911	Barcode Equipment for Property Ev/Asset Tracking	(23.5)	97.9	-	-	-	-	97.9	29
n/a	Bell Road-94th St to Thompson Peak Parkway	-	505.0	4,541.0	-	-	-	5,046.0	29
P0704	Bikeways Program	(1,340.6)	3,776.5	2,370.0	3,300.0	1,460.3	1,500.0	12,406.8	29
W9903	Booster Station Upgrades	(235.3)	575.0	-	-	-	-	575.0	30
T8110	Bus Bay Improvement Program	(84.4)	1,872.2	550.0	575.0	600.0	625.0	4,222.2	30
T1702	Bus Shelters Program	(549.8)	1,783.1	404.0	-	550.0	-	2,737.1	30

# PROJECT LIST

## Capital Improvement Plan

Project #	Project Name	Estimated Expenditures	Proposed	Forecast	Forecast	Forecast	Forecast	Total	Volume 3 Page #
		Thru 06/30/04	2004/05	2005/06	2006/07	2007/08	2008/09		Ref.
G9001	Buses Expansion	(1,818.2)	3,852.6	0.0	2,940.0	-	-	6,792.6	31
S2102	Cactus Rd - Freeway to Frank Lloyd Wright Blvd	(873.6)	8,650.4	-	-	-	-	8,650.4	31
S0301	Camelback Rd - 64th to 68th St	(220.1)	1,474.4	-	-	-	-	1,474.4	31
New	Camelback/Scottsdale and Marshall Way	-	1,000.0	-	-	-	-	1,000.0	32
P0205	CAP Basin Lighted Sports Complex	(932.8)	12,428.2	-	-	-	-	12,428.2	32
W0301	CAP Hayden - Shea Water Connection	(759.7)	12,000.0	-	-	-	-	12,000.0	32
W0202	CAP Plant Expansion	(2,710.1)	31,400.0	3,000.0	3,000.0	20,000.0	-	57,400.0	33
P0206	Chaparral Park Extension	(222.2)	4,412.7	-	-	-	-	4,412.7	33
W9911	Chaparral Water Treatment Plant	(14,779.4)	78,357.9	-	-	-	-	78,357.9	33
W4702	Chaparral WTP Influent Wateline	(903.4)	5,242.8	-	-	-	-	5,242.8	34
W0302	Chaparral WTP Water Distribution System	(250.8)	9,500.0	-	-	-	-	9,500.0	34
T4701	CIP Advance Planning Program	(1,804.8)	2,183.0	200.0	200.0	200.0	200.0	2,983.0	34
M8838	City Attorney - Automate Criminal Justice System	(185.1)	250.0	-	-	-	-	250.0	35
M0402	City Attorney - Legal Case Matter Management System	-	160.0	-	-	-	-	160.0	35
B0404	City Hall/Kiva Electrical Upgrade	-	300.0	-	-	-	-	300.0	35
V9902	Citywide Flow Monitoring	(440.2)	910.0	-	-	-	-	910.0	36
n/a	Civic Center East - Drainage Improvement	-	131.1	1,328.1	-	-	-	1,459.2	36
D0203	Civic Center Mall Renovations Phase II	(23.4)	23.5	-	-	-	-	23.5	36
n/a	Community Services-Class System Upgrades	-	87.4	-	-	-	-	87.4	37
New	Container Repair Facilities	-	-	-	-	318.0	-	318.0	37
New	Core North/South Sewer	-	567.0	322.0	87.5	802.5	819.0	2,598.0	37
New	Core North/South Water	-	567.0	322.0	87.5	802.5	819.0	2,598.0	38
M0301	Courts - Case Management System	-	80.0	-	-	-	-	80.0	38
New	Courts-Customer Service Enhancement	-	225.0	-	-	-	-	225.0	38
n/a	Courts-Expansion	-	10.0	580.0	-	-	-	590.0	39
M0202	Courts - IVR	-	40.0	-	-	-	-	40.0	39
n/a	Courts-Security Area Remodel	-	2.5	101.7	-	-	-	104.2	39
M0306	Courts - Videoconferencing	-	55.6	-	-	-	-	55.6	40
E0204	Crime Laboratory Equipment Replacement	(129.1)	342.0	16.9	-	-	-	358.9	40
W8515	Deep Well Recharge / Recovery Facilities	(480.5)	3,100.0	-	1,000.0	-	1,000.0	5,100.0	40
A0403	Design Projects-04/05-05/06	-	237.6	73.6	34.5	200.1	-	545.8	41
n/a	Disabled Aircraft Removal Dolly	-	31.8	-	-	-	-	31.8	41
New	District 1 Police Facilities	-	1,386.0	8,558.2	826.8	-	-	10,771.0	41
B2104	District 2 Expansion	(775.1)	782.6	-	-	-	-	782.6	42
New	District 3 Expansion	-	505.3	-	-	-	-	505.3	42
New	Document Management System-City Attorney	-	247.0	-	-	-	-	247.0	42
M0403	Document Management System-City Clerk	(0.4)	248.5	-	-	-	-	248.5	43
M9906	Document Management System-Courts	(0.9)	350.0	-	-	-	-	350.0	43
n/a	Document Management System-Customer Services	-	-	391.0	-	-	-	391.0	43
D6508	Downtown Directional Signs	(24.9)	40.0	-	-	-	-	40.0	44
D0401	Downtown Electrical Upgrades	(2.8)	900.0	450.0	-	-	-	1,350.0	44
D0402	Downtown Façade Program	-	300.0	-	-	-	-	300.0	44
n/a	Downtown Lighting Improvements	-	380.0	250.0	-	-	-	630.0	45
P8734	Downtown Parking	(1,503.9)	14,201.8	-	-	-	-	14,201.8	45
P0309	Downtown Reinvestment	(149.0)	8,741.2	-	-	-	-	8,741.2	45
n/a	Downtown Restrooms	-	-	-	575.0	450.0	-	1,025.0	46
D0208	Downtown Streetscape Amenities	(135.2)	200.0	-	415.3	-	-	615.3	46
S0312	Downtown Streetscape Enhancement Fund	-	311.7	99.1	-	-	-	410.8	46
D8738	Downtown/Canal Transit Bridge	(1,846.1)	1,930.6	-	-	-	-	1,930.6	47

Project #	Project Name	Estimated Expenditures						Total	Volume 3 Page # Ref.
		Thru 06/30/04	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09		
n/a	Earll/Thomas Corridor-Drainage Improvement	-	500.0	6,197.0	3,849.0	-	-	10,546.0	47
F0401	East Union Hills Interceptor Channel	(37.8)	1,940.8	2,430.1	-	-	-	4,370.9	47
New	Eldorado Ballfield Renovation	-	1,168.5	-	-	-	-	1,168.5	48
New	Expanded McDowell Sonoran Preserve	-	50,000.0	-	-	-	-	50,000.0	48
E0401	Explosive Ordnance Disposal Equipment	(122.2)	158.5	-	-	-	-	158.5	48
New	FAA Part 161-Noise Study	-	1,000.0	-	-	-	-	1,000.0	49
B9915	Facilities Repair and Maintenance Program	(1,949.4)	4,295.2	667.0	787.5	1,070.6	1,037.7	7,858.0	49
New	Fashion Square Radio Treatment	-	225.0	-	-	-	-	225.0	49
M0302	Financial Services - Automated Time & Attendance	(21.3)	300.0	-	-	-	-	300.0	50
New	Financial Services-E-Procurement	-	-	67.5	-	-	-	67.5	50
M0308	Financial Services-Hand Held Meter Reading System	(2.6)	50.0	109.3	-	-	-	159.3	50
n/a	Financial Services - IVR Tax and License	-	109.3	-	-	-	-	109.3	51
n/a	Financial Svs-Remittance Process Transport System	-	-	-	442.9	-	-	442.9	51
n/a	Financial Svs-Tax, Licensing & Alarm Billing System	-	928.0	-	-	-	-	928.0	51
New	Fire Department - Emergency Extrication Tools	-	80.0	-	-	-	-	80.0	52
B0401	Fire Stn #809-Southwest Quadrant	-	1,100.0	-	-	-	-	1,100.0	52
B0402	Fire Stn #810 - Miller & Thomas Remodel	(2.3)	168.4	-	-	-	-	168.4	52
B0205	Fire Stn #811 - McDonald & Scottsdale Expansion	(177.3)	181.1	-	-	-	-	181.1	53
B0202	Fire Stn #812 & Rescue Vehicle-Scottsdale Airport	(1,654.5)	1,802.5	-	-	-	-	1,802.5	53
New	Fire Stn #813 - Via Linda Expansion	-	25.0	243.0	-	-	-	268.0	53
E2102	Fire Stn #813 - Via Linda Vehicle & Equipment	(449.4)	556.2	-	-	-	-	556.2	54
n/a	Fire Stn #820 - Desert Mountain - permanent station	-	156.7	800.0	-	-	-	956.7	54
B0403	Fire Stn #826 - Jomax and Scottsdale Road	(1.1)	2,095.0	-	-	-	-	2,095.0	54
B9909	Fire Stn #827 - Ashler Hills & Pima	(840.2)	1,200.0	-	-	-	-	1,200.0	55
A0304	Flight Tracking System	-	60.0	-	-	-	-	60.0	55
F0302	Floodplain Acquisition Program	(1.4)	2,366.6	-	-	-	-	2,366.6	55
S0303	FLW/Via Linda Intersection	-	-	80.0	450.0	-	-	530.0	56
S0304	FLW-Scottsdale Rd to Shea	-	1,715.0	234.0	1,600.0	-	-	3,549.0	56
New	Fuel/Fleet Maintenance Facility-McKellips Service Ctr	-	1,498.9	-	-	-	-	1,498.9	56
New	Gateway to the Preserve Amenities	-	-	200.0	2,000.0	-	-	2,200.0	57
F0201	Granite Reef Watershed	-	2,714.0	-	-	-	-	2,714.0	57
S2103	Hayden Rd - Cactus to Redfield	(1,138.6)	10,112.0	-	-	-	-	10,112.0	57
S0202	Hayden Rd - Freeway to Thompson Peak Pkwy	(1,219.7)	11,459.4	-	-	-	-	11,459.4	58
S0305	Hayden and McDonald-Intersection Improvement	(373.7)	2,651.0	-	-	-	-	2,651.0	58
S0306	Hayden and Via de Ventura - Intersection Improv.	-	1,355.7	-	-	-	-	1,355.7	58
S0201	Hayden/Miller Rd - Deer Valley to Pinnacle Peak	(777.1)	1,300.0	75.0	225.0	1,469.4	-	3,069.4	59
New	Helicopter Air Support Unit Unit	-	-	-	-	-	4,075.1	4,075.1	59
P0305	Hidden Hills Trailheads Amenities	(81.4)	499.6	-	-	-	-	499.6	59
S0402	Indian Bend Rd - Scottsdale to Hayden	(273.5)	2,070.0	9,135.0	-	-	-	11,205.0	60
P9901	Indian Bend Wash Lakes Renovation	(154.7)	1,024.0	-	-	-	-	1,024.0	60
F0402	Indian School Park Watershed-Phase II	(0.3)	646.0	1,019.0	-	-	-	1,665.0	60
S0308	Indian School Rd - Drinkwater to Pima	-	900.0	3,138.0	-	-	-	4,038.0	61
New	Info. Services - Anti-Virus Replacement	-	-	-	-	-	61.1	61.1	61
New	Infor. Services - CDPD Mobile Wireless Replacement	-	213.0	-	-	-	-	213.0	61
New	Infor. Services - Enterprise Back-up Software	-	-	-	-	-	378.0	378.0	62
M0204	Infor. Services - GIS Mapping Platform Migration	(82.8)	564.0	-	-	-	-	564.0	62
M9909	Infor. Services - Network Infrastructure	(1,081.1)	1,746.9	360.8	360.8	360.8	360.8	3,190.1	62
M9921	Infor. Services - PC Equipment	(1,412.8)	3,857.9	1,256.8	1,256.8	1,256.8	1,256.8	8,885.1	63
M0205	Infor. Services - Security Investment/ Antivirus	(61.6)	298.0	29.0	-	-	-	327.0	63

# PROJECT LIST

## Capital Improvement Plan

Project #	Project Name	Estimated Expenditures	Proposed	Forecast	Forecast	Forecast	Forecast	Total	Volume 3 Page #
		Thru 06/30/04	2004/05	2005/06	2006/07	2007/08	2008/09		Ref.
M9910	Infor. Services - Server Infrastructure	(1,314.1)	2,566.9	521.7	521.7	521.7	521.7	4,653.7	63
M0207	Infor. Services - Technology Storage Area Network	(271.2)	287.3	-	-	-	-	287.3	64
M9920	Infor. Services - Telephone Equipment	(245.2)	949.9	233.6	257.6	260.4	260.4	1,961.9	64
New	Infor. Services - Web Content Management SW	-	154.2	144.2	-	-	-	298.4	64
New	Inner Circle Booster Pump Station	-	400.0	1,200.0	-	-	-	1,600.0	65
New	Irrigation Pump Replacement	-	203.7	214.7	278.9	-	-	697.3	65
F0303	Jackrabbit/Chaparral West-Drainage Improvement	-	385.0	2,000.0	666.0	-	-	3,051.0	65
n/a	Jail CCTV Monitoring / Recording System Replacement	-	184.7	-	-	-	-	184.7	66
New	Kiva-Audio/Video Upgrades	-	55.0	-	-	-	-	55.0	66
P9916	LaMirada Desert Park	(555.3)	650.0	-	-	-	-	650.0	66
P0202	Library Automation System Replacement	(84.9)	589.9	-	-	-	-	589.9	67
B0303	Lift Replacement	(186.5)	361.5	-	-	-	-	361.5	67
D0211	Loloma District Museum	(277.9)	7,515.0	-	-	-	-	7,515.0	67
New	Loloma District Plaza	-	250.0	250.0	-	-	-	500.0	68
n/a	Loloma District Public Parking Garage	-	2,400.0	-	-	-	-	2,400.0	68
n/a	Loloma District-Stagebrush Theatre Relocation	-	-	-	1,600.0	-	-	1,600.0	68
n/a	Loloma District Streetscape Improvements	-	1,300.0	350.0	750.0	-	-	2,400.0	69
T9902	Loop 101 Park and Ride (PNR)	0.0	249.9	2,777.8	2,817.0	-	-	5,844.7	69
V8620	Master Plan Update - Sewer	(217.6)	383.4	100.0	-	-	-	483.4	69
W8525	Master Plan Update - Water	(433.1)	766.8	300.0	-	-	-	1,066.8	70
S0310	McDonald - Scottsdale to Hayden	(49.0)	1,963.5	-	-	-	-	1,963.5	70
F0403	McDonald Drive Corridor-Drainage Improvement	(39.5)	1,482.0	-	-	-	-	1,482.0	70
P0209	McDowell Mountain Ranch Park and Aquatic Ctr	(947.4)	11,801.9	-	-	-	-	11,801.9	71
P6900	McDowell Sonoran Preserve	(250,078.0)	306,731.5	-	-	-	-	306,731.5	71
P0102	McDowell Sonoran Preserve Phase II	(38,970.5)	39,114.0	-	-	-	-	39,114.0	71
B9905	McKellips Service Center	(1,075.1)	1,311.4	-	-	-	-	1,311.4	72
V2101	Miller Road Sewer Phase 3	(0.1)	1,300.0	3,000.0	-	-	-	4,300.0	72
New	Municipal Fire Service-Transition Costs	-	6,400.0	-	-	-	-	6,400.0	72
New	Mustang Library Additional Parking	-	84.0	-	-	-	-	84.0	73
New	Mustang Transit Center	-	300.0	1,700.0	-	-	-	2,000.0	73
D0404	NE Downtown Streetscape	-	1,980.0	-	-	-	-	1,980.0	73
N3001	Neighborhood Funding Partnership	(677.7)	752.1	-	-	-	-	752.1	74
F6302	Neighborhood Stormwater Mgmt Improvements	(1,556.8)	2,661.4	150.0	150.0	150.0	-	3,111.4	74
T8140	Neighborhood Traffic Management Program	(1,983.0)	3,056.0	500.0	500.0	500.0	550.0	5,106.0	74
F6305	North Area Basin Master Plan	(758.8)	1,083.3	-	-	-	-	1,083.3	75
B2103	North Corp Yard Parking Garage	(1,106.5)	1,196.1	-	-	-	-	1,196.1	75
F2711	Northern Stormwater Risk/Vulnerability Mgmt	(11,866.5)	12,059.9	-	-	-	-	12,059.9	75
New	Northsight Transit Center	-	-	75.0	125.0	-	-	200.0	76
F0712	NPDES Monitoring Stations/Sampling	(1,167.0)	2,004.3	152.0	250.0	-	-	2,406.3	76
F0305	Outfall Drain-Pima Freeway to Union Hills	(2,225.3)	2,900.0	-	-	-	-	2,900.0	76
S9905	Particulate Emission Reduction Program	(2,185.1)	2,500.0	-	-	-	-	2,500.0	77
New	Pavement Preser.-Taxiway "B", Kilo, Perimeter Rd.	-	-	105.2	104.7	-	-	209.9	77
n/a	Pima Rd - Deer Valley to Pinnacle Peak	-	-	-	-	100.0	1,300.0	1,400.0	77
S4702	Pima Rd - McDowell Rd to Via Linda	(12,351.0)	13,350.0	-	-	-	-	13,350.0	78
S2104	Pima Road - Pima Freeway to Thompson Peak	(853.1)	11,014.7	-	-	-	-	11,014.7	78
n/a	Pima Road Drainage System	-	399.0	64.8	1,719.6	-	-	2,183.4	78
n/a	Pinnacle Peak - Scottsdale Rd to Pima Rd	-	-	803.0	3,674.0	6,277.1	-	10,754.1	79
New	Planning & Development Svs - Digital Plan Review	-	56.1	-	-	-	-	56.1	79
M0208	Planning & Devel. Svs - Land Survey Asset Mgmt	(192.1)	279.3	16.9	-	-	-	296.2	79
M9903	Planning & Devel. Services - Records Imaging	(226.5)	504.1	-	-	-	-	504.1	80

Project #	Project Name	Estimated Expenditures						Total	Volume 3 Page # Ref.
		Thru 06/30/04	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09		
New	Planning and Devel. Svs - Records Reader/Printer	-	29.0	-	-	-	-	29.0	80
P4711	Playground Equipment Replacement	(1,178.3)	1,400.5	134.4	150.0	165.0	175.0	2,024.9	80
New	Police Criminal Intelligence System	-	35.8	-	-	-	-	35.8	81
New	Police Docking Station/Mounting Kits	-	195.0	13.0	13.0	6.5	-	227.5	81
E0302	Police Emergency Power	(83.3)	150.0	-	-	-	-	150.0	81
New	Police Handheld Data Terminals	-	32.4	-	-	-	-	32.4	82
M0303	Police-Mobile Data and Communications Upgrade	(10.5)	190.0	-	-	-	-	190.0	82
New	Police Mounted Barn Refurbishment	-	45.0	-	-	-	-	45.0	82
B0302	Police Operational Support Building	(8.3)	26,700.0	5,205.8	-	-	-	31,905.8	83
M8915	Police Portable Radio Replacement Plan	(2,884.7)	4,197.1	-	-	-	-	4,197.1	83
New	Police Radio System Replacement	-	-	500.0	8,000.0	1,500.0	1,000.0	11,000.0	83
M0307	Police Records Management-Modifications	(30.8)	75.0	-	-	-	-	75.0	84
M0401	Police Records Mgt and CAD System Replacement	(1.2)	4,725.0	-	-	-	-	4,725.0	84
M0305	Police Wiretap Upgrade	(96.5)	150.0	-	-	-	-	150.0	84
M0405	Police/Fire Radio System Consultant	-	150.0	-	-	-	-	150.0	85
B0204	Police/Fire Training Facility Phase 2	(0.8)	4,220.8	-	-	-	-	4,220.8	85
New	Portable Noise Monitors	-	50.0	-	-	-	-	50.0	85
P0212	Public Pool Equipment Replacement	(350.3)	632.0	200.0	200.0	200.0	200.0	1,432.0	86
V4001	Radio Telemetry - Mon. Autom. Citywide(Sewer)	(363.9)	655.5	54.6	56.3	-	-	766.4	86
W4001	Radio Telemetry - Mon. Autom. Citywide(Water)	(550.2)	1,064.4	136.6	140.7	-	-	1,341.7	86
F6303	Reata Pass Detention Outlet	(405.1)	430.0	-	-	-	-	430.0	87
P0401	Recreational Amenity Replacement	(14.9)	300.0	150.0	150.0	150.0	150.0	900.0	87
E9903	Refurbish Two Fire Engines	-	210.0	-	-	-	-	210.0	87
New	Regional GAC Regeneration Facility	-	380.0	1,270.0	3,000.0	-	-	4,650.0	88
T0201	Regional Transit Maintenance Facility	-	500.0	500.0	1,500.0	-	-	2,500.0	88
V9908	Relief Sewers – Citywide	(731.8)	2,500.0	500.0	500.0	500.0	-	4,000.0	88
E2103	Replacement Fire Vehicle Contingency	(1,455.8)	1,764.9	-	-	-	-	1,764.9	89
T6101	Roadway Capacity Improvements	(8,413.0)	12,042.2	2,150.0	1,650.0	1,650.0	2,650.0	20,142.2	89
S0403	Rubberized Asphalt Overlay	(3,900.0)	3,900.0	-	-	-	-	3,900.0	89
A0405	Runway RSA-Safety Area Improvements	-	2,000.0	-	-	-	-	2,000.0	90
New	RWDS Improvements	-	865.0	-	485.0	-	-	1,350.0	90
B0207	SCA Improvements and Facility Upgrades	(152.2)	1,412.5	129.4	-	-	-	1,541.9	90
P8736	Scottsdale Papago Streetscape	(829.9)	6,229.0	-	-	-	-	6,229.0	91
n/a	Scottsdale Ranch Park Tennis Courts	-	-	384.8	-	-	-	384.8	91
S7005	Scottsdale Rd - FLW Blvd to Thompson Peak Pkwy(1,615.6)	-	16,896.0	-	-	-	-	16,896.0	91
F2706	Scottsdale Rd Bridge Over Indian Bend Wash	(1,293.5)	2,248.0	-	-	-	-	2,248.0	92
D0205	Scottsdale Rd Preser. & Streetscape Enhancements (116.4)	-	11,100.0	6,000.0	6,000.0	4,000.0	-	27,100.0	92
S2707	Scottsdale Rd - Indian Bend Rd to Gold Dust Rd (12,743.9)	-	19,942.0	-	-	-	-	19,942.0	92
S0311	Scottsdale Rd - Thompson Pk Pkwy to Pinnacle Peak (1.4)	-	500.0	3,500.0	11,811.5	-	-	15,811.5	93
F0304	Scottsdale Rd Corridor - Drainage Project (5.5)	-	3,770.0	2,973.9	-	-	-	6,743.9	93
P0207	Scottsdale Senior Center at Granite Reef (828.8)	-	10,878.6	-	-	-	-	10,878.6	93
New	Scottsdale Stadium Infrastructure Replacement	-	150.0	150.0	150.0	150.0	150.0	750.0	94
A0202	Security & Access Control System	(670.6)	729.2	-	-	-	-	729.2	94
W0303	Security Enhancements	(168.8)	850.0	350.0	350.0	350.0	350.0	2,250.0	94
New	Security Lighting Install-Main Aprons/Kilo	-	-	345.0	-	-	-	345.0	95
P0301	Self Check Machine/LAN Infrastructure Replacement(409.6)	-	520.9	-	-	-	-	520.9	95
F6301	Severe Weather Warning & Response Program (1,196.8)	-	1,511.7	182.0	-	-	-	1,693.7	95
V3704	Sewer Collection System Improvements (2,548.8)	-	5,296.0	500.0	1,100.0	300.0	600.0	7,796.0	96
V0703	Sewer Oversizing (1,124.7)	-	1,835.7	-	-	-	-	1,835.7	96

# PROJECT LIST

## Capital Improvement Plan

Project #	Project Name	Estimated Expenditures						Total	Volume 3 Page # Ref.
		Thru 06/30/04	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09		
S0313	Shea Blvd and 92nd St - Intersection Improvement	(118.4)	812.0	-	-	-	-	812.0	96
S0314	Shea Blvd and Hayden - Intersection Improvement	-	701.0	699.0	-	-	-	1,400.0	97
S0315	Shea Blvd: 90th & 96th St Intersection	(95.8)	596.5	-	-	-	-	596.5	97
T6103	Sidewalk Improvements	(872.2)	1,770.2	-	550.0	-	600.0	2,920.2	97
P9904	Sports Lighting Expansion & Upgrade	(31.4)	1,233.1	763.2	521.7	655.1	-	3,173.1	98
P0402	Spring Training Facility	(237.3)	18,900.0	-	-	-	-	18,900.0	98
S0406	SRP Street Light Purchase	-	442.5	-	-	-	-	442.5	98
S0404	Stacked 40's-Center Rd to Hayden	-	5,100.0	1,500.0	-	-	-	6,600.0	99
S0405	Stacked 40's-North Frontage Road	-	2,700.0	500.0	-	-	-	3,200.0	99
F0204	Stormwater Drain Pollution Prevention Markers	(42.7)	301.0	-	-	-	-	301.0	99
D2102	Taliesin West	(303.5)	517.5	-	-	-	-	517.5	100
A0306	Taxiway Extension & Transient Ramp	-	-	972.6	-	-	-	972.6	100
P0404	Teen Center-Civic Center Library	(79.6)	506.0	-	-	-	-	506.0	100
n/a	Thompson Peak Bridge @ Reata	-	-	1,939.9	-	-	-	1,939.9	101
S0316	Thompson Peak Parkway - Bell to Union Hills	-	3,440.0	8,000.0	3,328.8	-	-	14,768.8	101
S0317	Thunderbird/Redfield - Scottsdale to Hayden	(45.7)	2,151.2	-	-	1,560.0	1,850.0	5,561.2	101
T8150	Traffic Management Program-ITS	(6,005.8)	14,105.1	3,697.5	2,318.3	2,250.0	4,260.0	26,630.9	102
T8160	Traffic Signal Program	(1,860.2)	2,824.2	371.5	348.9	350.0	400.0	4,294.6	102
P9035	Trail Development/Acquisition	(834.4)	1,943.3	500.0	500.0	502.3	-	3,445.6	102
n/a	Transfer Station Expansion	-	-	-	-	-	3,600.0	3,600.0	103
New	Transfer Station Grappler	-	111.0	-	-	-	-	111.0	103
New	Transfer Station Paving and Painting	-	-	-	371.0	-	-	371.0	103
T0202	Transit Technology	-	-	-	350.0	-	1,351.8	1,701.8	104
S0319	Union Hills Dr-Scottsdale to 74th St	(2,312.9)	3,400.0	-	-	-	-	3,400.0	104
W0401	Union Hills to Hualapai Transmission Line-Pima Rd	-	750.0	-	-	-	-	750.0	104
T0203	Upper Cmbk Wash Multiuse Path-92nd/Shea to Cact.(212.8)	-	1,545.0	-	-	-	-	1,545.0	105
T0302	Upper Cmbk Wash Multiuse Path - Cact. to Redfield (80.0)	-	1,200.0	-	-	-	-	1,200.0	105
F0203	Upper Camelback Wash Watershed	(723.2)	3,942.2	-	-	-	-	3,942.2	105
M0210	Utility Billing System	(0.5)	2,791.4	-	-	-	-	2,791.4	106
A0407	Vehicle Security Gate Upgrade	(27.7)	120.0	-	-	-	-	120.0	106
n/a	Vista Del Camino Ballfield Renovation	-	-	23.3	818.3	-	-	841.6	106
P0307	Vista Del Camino Remodel/Expansion	(2.1)	3,004.7	-	-	-	-	3,004.7	107
W9912	Water Distribution System Improvements	(3,732.0)	7,500.0	2,500.0	2,000.0	1,250.0	2,000.0	15,250.0	107
W0710	Water Oversizing	(5,910.3)	8,214.1	-	-	-	-	8,214.1	107
W0205	Water Quality Improve. - Southern Neighborhoods	(710.7)	10,500.0	-	-	-	-	10,500.0	108
V0205	Water Reclamation Plant Phase 3	(2,266.6)	20,750.0	3,000.0	-	-	-	23,750.0	108
W6160	Water Rights Acquisition	(41,915.6)	44,052.0	-	-	20,916.0	-	64,968.0	108
W8570	Waterline Replacements	(11,963.0)	16,491.0	-	-	-	-	16,491.0	109
W4708	Well Sites	(14,266.4)	17,142.1	3,000.0	1,000.0	3,000.0	-	24,142.1	109
n/a	WestWorld 115,000 Sq. Ft. Multi-purpose Building	-	2,000.0	28,027.5	-	-	-	30,027.5	109
D0302	WestWorld-Arena Footings	-	87.0	-	-	-	-	87.0	110
D0206	WestWorld-Arenas 6, 7 & 8 Relocation	(2.4)	609.0	-	-	-	-	609.0	110
D9902	WestWorld-Cover Arenas & Walkway to Equidome	-	277.0	-	-	-	-	277.0	110
D0405	WestWorld-Driveways & Pedestrian/ Horse Paths	-	166.4	86.9	-	-	-	253.3	111
New	WestWorld-Electronic Signage	-	60.0	-	-	-	-	60.0	111
n/a	WestWorld-Landscaping Plan	-	225.1	-	-	-	-	225.1	111
D0303	WestWorld-Paving Projects	(424.5)	530.5	-	-	-	-	530.5	112
D0207	WestWorld-Restroom Facility	(68.1)	669.5	-	-	-	-	669.5	112
New	WestWorld-Stall Mats	-	124.8	-	-	-	-	124.8	112

Project #	Project Name	Estimated Expenditures						Volume 3	
		Thru 06/30/04	Proposed 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Total	Page # Ref.
D0301	WestWorld-State Land Acquisitions	-	18,100.0	-	-	-	-	18,100.0	113
W9913	Zone 12 - 13 Water System Improvements	(6,197.2)	8,528.0	-	-	-	-	8,528.0	113
W0304	Zone 12 - 13 Water Transmission Lines	(79.3)	6,680.0	-	-	-	-	6,680.0	113
	<b>Contingency Budget</b>		<b>2,500.0</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>12,500.0</b>	
	<b>Inception to Date Expenditures Through 01/31/04</b>	-	<b>(554,462.7)</b>	-	-	-	-	<b>(554,462.7)</b>	
	<b>Estimated Expenditures Through 06/30/04</b>	-	<b>(36,828.5)</b>	-	-	-	-	<b>(36,828.5)</b>	
	<b>Prior Year Carry-Forward(1)</b>	-	-	<b>501,776.5</b>	<b>423,763.9</b>	<b>349,133.5</b>	<b>290,015.2</b>	<b>1,564,689.1</b>	
	<b>Total Capital Budgets</b>	<b>(591,291.5)</b>	<b>732,828.0</b>	<b>687,347.6</b>	<b>529,716.6</b>	<b>436,307.2</b>	<b>336,186.4</b>	<b>2,722,385.8</b>	

(1) Prior year carry-forwards for 2004/05 are estimated and included in individual projects.

## Capital Projects Operating Impacts

The operating impact of capital projects are analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational efficiency savings associated with projects are also taken into consideration (net operating costs) during the capital project evaluation and review process. As capital improvement projects are completed, the operating costs of these projects have been identified and included in the appropriate departmental program budgets. Departmental staff plan and budget for significant start-up costs, as well as operation and maintenance of new facilities.

The table below presents a four-year forecast of capital project operating impacts (costs). The operating impacts of projects expected to be completed prior to the start of, or during FY2004/05 are calculated and included in the Program Operating Budget. These operating cost estimates represent the staffing and maintenance necessary due to the completion and expected completion of capital projects. The capital projects operating impacts are incorporated into the General Fund budget found in the Fund Summaries and Five-Year Financial Plan section of Volume One on page 56. The operating impacts are also factored in the appropriate program expenditures found through out Volume Two. For a complete description of each capital project, refer to Volume Three using the page cross-reference column on the right-hand side of the matrix.

## OPERATING IMPACTS

Project #	Project Name	Forecast				Total	Volume 3
		2005/06	2006/07	2007/08	2008/09		Page # Ref.
P0403	124th Street Access Area Amenities	25.0	25.0	25.0	25.0	100.0	19
P0302	Aging Park Facility Renovations	83.6	83.6	83.6	83.6	334.4	23
A0302	Airport Terminal Area Renovations	3.0	3.0	3.0	3.0	12.0	24
W2105	Alameda/122nd St Booster Pump Station	16.0	16.0	16.0	16.0	64.0	25
P0201	Arabian Library Phase II	-	-	398.0	398.0	796.0	26
W2106	Arsenic Mitigation Treatment	650.0	4,500.0	4,500.0	4,500.0	14,150.0	26
TBD	Bell Road - 94th St. to Thompson Peak Parkway	-	27.6	27.6	27.6	82.8	29
W9903	Booster Station Upgrades	2.0	2.0	2.0	2.0	8.0	30
T1702	Bus Shelter Program	22.0	23.0	24.0	25.0	94.0	30
G9001	Buses Expansion	1,200.0	1,900.0	1,900.0	1,900.0	6,900.0	31
S2102	Cactus Road - Pima Freeway to Frank Lloyd Wright	7.3	7.3	7.3	7.3	29.2	31
TBD	Camelback/Scottsdale and Marshall Way	8.6	8.6	8.6	8.6	34.4	32
P0205	CAP Basin Lighted Sports Complex	560.2	726.9	726.9	726.9	2,740.9	32
W0202	CAP Plant Expansion	-	1,300.0	1,300.0	1,300.0	3,900.0	33
P0206	Chaparral Park Extension	175.0	111.0	111.0	111.0	508.0	33
W9911	Chaparral Water Treatment Plant	100.0	200.0	200.0	200.0	700.0	33
W4702	Chaparral WTP Influent Waterline	1.0	1.0	1.0	1.0	4.0	34
W0302	Chaparral WTP Water Distribution System	2.0	2.0	2.0	2.0	8.0	34
M0402	City Attorney - Legal Case Matter Management System	16.0	14.0	16.0	18.0	64.0	35
TBD	Community Services-Class System Upgrades	12.0	23.0	23.0	23.0	81.0	37
TBD	Core North/South Sewer	5.0	8.0	10.0	15.0	38.0	37
TBD	Core North/South Water	5.0	8.0	10.0	15.0	38.0	38
M0301	Courts-Case Management System	3.5	3.5	3.5	3.5	14.0	38
TBD	Courts-Customer Service Enhancement	6.0	6.0	6.0	6.0	24.0	38
TBD	Courts-Expansion	80.8	288.1	288.1	288.1	945.1	39
M0202	Courts-IVR	5.0	5.0	5.0	5.0	20.0	39
TBD	Courts-Security Area Remodel	0.7	0.2	0.2	0.2	1.3	39
M0306	Courts-Videoconferencing	2.6	4.5	4.5	4.5	16.1	40
W8515	Deep Well Recharge/Recovery Facilities	2.0	2.0	2.0	2.0	8.0	40
TBD	District 1 Police Facilities	-	-	332.0	315.0	647.0	41
TBD	District 3 Expansion	5.4	5.4	5.4	5.4	21.6	42
TBD	Doc. Mgt. Sys.-City Attorney	12.0	13.8	15.8	15.8	57.4	42

Project #	Project Name	Forecast				Total	Volume 3
		2005/06	2006/07	2007/08	2008/09		Page # Ref.
M9906	Doc. Mgt. Sys.-Courts	12.5	25.0	25.0	25.0	87.5	43
TBD	Doc. Mgt. Sys.-Customer Service	-	38.2	42.0	42.0	122.2	43
D0401	Downtown Electrical Upgrades	1.8	1.8	1.8	1.8	7.2	44
TBD	Downtown Lighting Improvements	(0.5)	(0.5)	(0.5)	(0.5)	(2.0)	45
P8734	Downtown Parking	100.0	250.0	250.0	250.0	850.0	45
TBD	Downtown Restrooms	-	-	18.5	18.5	37.0	46
E0401	Explosive Ordnance Disposal	22.4	22.4	22.4	22.4	89.6	48
TBD	FAA Part 161-Noise Study	6.0	6.0	6.0	6.0	24.0	49
TBD	Fashion Square Radio Treatment	30.1	30.1	30.1	30.1	120.4	49
M0302	Financial Services - Automated Time & Attendance	7.5	7.5	7.5	7.5	30.0	50
M0308	Financial Services-Hand Held Meter Reading System	-	0.5	0.5	0.5	1.5	50
TBD	Financial Services-Remittance Process Transport System	-	-	22.1	22.1	44.2	51
TBD	Financial Services-Tax, Licensing & Alarm Billing System	24.0	26.9	30.1	30.1	111.1	51
B0401	Fire Station #809 - Southwest Quadrant	18.5	18.5	18.5	18.5	74.0	52
B0402	Fire Station #810 - Miller and Thomas Remodel	1.4	1.4	1.4	1.4	5.6	52
B0205	Fire Station #811 - McDonald and Scottsdale Expansion	1.4	1.4	1.4	1.4	5.6	53
TBD	Fire Station #813 - Via Linda Expansion	2.9	5.9	5.9	5.9	20.6	53
TBD	Fire Station #820 - Desert Mountain	-	52.5	52.5	52.5	157.5	54
B0403	Fire Station #826 - Jomax and Scottsdale Rd Vicinity	770.0	778.5	778.5	778.5	3,105.5	54
B9909	Fire Station #827 - Ashler Hills and Pima	52.5	52.5	52.5	52.5	210.0	55
A0304	Flight Tracking System	5.0	5.0	5.0	5.0	20.0	55
S0304	FLW - Scottsdale Rd to Shea	-	7.0	7.0	7.0	21.0	56
TBD	Fuel/Fleet Maintenance Facility-McKellips Service Center	-	60.8	60.8	60.8	182.4	56
TBD	Gateway to the Preserve Amenities	-	10.0	30.0	30.0	70.0	57
S0202	Hayden Road - Pima Freeway to Thompson Peak Parkway	46.8	46.8	46.8	46.8	187.2	58
S0306	Hayden Road and Via de Ventura Intersection Improvement	0.2	0.2	0.2	0.2	0.8	58
S0201	Hayden/Miller Road - Deer Valley to Pinnacle Peak	-	-	-	1.0	1.0	59
TBD	Helicopter Air Support Unit	-	-	44.8	333.8	378.6	59
P0305	Hidden Hills Trailhead Amenities	19.6	19.6	19.6	19.6	78.4	59
S0402	Indian Bend - Scottsdale to Hayden	-	23.8	23.8	23.8	71.4	60
TBD	Information Systems - CDPD Mobile Wireless Replacement	27.6	27.6	27.6	27.6	110.4	61
TBD	Information Systems - Enterprise Back-up Software	-	-	-	42.1	42.1	62
M0205	Information Systems - Security Investment/ Antivirus	6.0	6.0	6.0	6.0	24.0	63
TBD	Information Systems - Web Content Management SW	28.9	57.7	57.7	57.7	202.0	64
TBD	Inner Circle Booster Pump Station	2.0	2.0	2.0	2.0	8.0	65
TBD	Jail CCTV Monitoring / Recording System Replacement	4.0	4.0	4.0	4.0	16.0	66
P0202	Library Automation System Replacement	44.0	44.0	44.0	44.0	176.0	67
D0211	Loloma District Museum	1,000.0	1,000.0	1,000.0	1,000.0	4,000.0	67
TBD	Loloma District Public Parking Garage	-	12.5	12.5	12.5	37.5	68
TBD	Loloma District Streetscape Improvements	7.5	10.0	10.0	10.0	37.5	69
S0310	McDonald - Scottsdale to Hayden	0.9	0.9	0.9	0.9	3.6	70
P0209	McDowell Mountain Ranch Park and Aquatic Center	512.5	512.5	512.5	512.5	2,050.0	71
V2101	Miller Road Sewer Phase 3	-	2.0	2.0	2.0	6.0	72
TBD	Mustang Library Additional Parking	0.5	0.5	0.5	0.5	2.0	73
T8140	Neighborhood Traffic Management Program	6.0	6.0	6.0	6.0	24.0	74
TBD	Pinnacle Peak - Scottsdale Rd to Pima Rd	-	-	-	49.2	49.2	79
TBD	Planning Systems - Digital Plan Review	2.0	2.0	2.0	2.0	8.0	79
TBD	Planning Systems - Records Reader/Printer	1.0	1.0	1.0	1.0	4.0	80
TBD	Police - Criminal Intelligence System	3.1	3.1	3.1	3.1	12.4	81

## OPERATING IMPACTS

## Capital Improvement Plan

Project #	Project Name					Volume 3	
		Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Total	Page # Ref.
TBD	Police - Handheld Data Terminals	-	2.2	-	1.2	3.4	82
B0302	Police Operational Support Building	-	337.2	337.2	337.2	1,011.6	83
M8915	Police Portable Radio Replacement Plan	8.1	8.1	8.1	8.1	32.4	83
TBD	Police Radio System Replacement	-	-	-	1,508.0	1,508.0	83
B0204	Police Fire/Training Facility Phase 2	-	98.8	98.8	98.8	296.4	85
TBD	Portable Noise Monitors	0.5	0.5	0.5	0.5	2.0	85
V4001	Radio Telemetry - Monitoring Automation Citywide (Sewer)	4.0	4.0	4.0	4.0	16.0	86
W4001	Radio Telemetry - Monitoring Automation Citywide (Water)	5.0	5.0	5.0	5.0	20.0	86
TBD	Regional GAC Regeneration Facility	-	-	750.0	1,500.0	2,250.0	88
V9908	Relief Sewers – Citywide	2.0	2.0	2.0	2.0	8.0	88
T6101	Roadway Capacity Improvements	0.4	0.4	0.4	0.4	1.6	89
TBD	Scottsdale Ranch Park Tennis Courts	-	10.0	10.0	10.0	30.0	91
S7005	Scottsdale Road - Frank Lloyd Wright to Thompson Peak	10.1	10.1	10.1	10.1	40.4	91
S0311	Scottsdale Road - Thompson Peak to Pinnacle Peak	-	-	10.0	10.0	20.0	93
P0207	Scottsdale Senior Center at Granite Reef	179.8	359.6	359.6	359.6	1,258.6	93
W0303	Security Enhancements	2.0	2.0	2.0	2.0	8.0	94
TBD	Security Lighting Install-Main Aprons/Kilo	1.0	1.0	1.0	1.0	4.0	95
S0313	Shea Blvd and 92nd St - Intersection Improvement	0.5	0.5	0.5	0.5	2.0	96
S0314	Shea Blvd and Hayden Intersection Improvement	-	0.2	0.2	0.2	0.6	97
P9904	Sports Lighting Expansion & Upgrades	41.0	59.0	59.0	59.0	218.0	98
P0402	Spring Training Facility	-	1,000.0	1,000.0	1,000.0	3,000.0	98
S0406	SRP Street Light Purchase	172.0	172.1	172.3	172.3	688.7	98
S0404	Stacked 40 - Center Rd to Hayden	26.4	26.4	26.4	26.4	105.6	99
S0405	Stacked 40 - North Frontage Road	8.3	8.3	8.3	8.3	33.2	99
S0317	Thunderbird/Redfield - Scottsdale to Hayden	2.8	2.8	2.8	2.8	11.2	101
P9035	Trail Development/Acquisition	15.0	15.0	15.0	15.0	60.0	102
S0319	Union Hills Drive - Scottsdale to 74th St	9.0	9.0	9.0	9.0	36.0	104
M0210	Utility Billing System	194.5	201.3	208.6	216.1	820.5	106
TBD	Vista Del Camino Ballfield Renovation	-	-	10.0	10.0	20.0	106
P0307	Vista Del Camino Remodel/Expansion	22.5	22.5	22.5	22.5	90.0	107
W8570	Waterline Replacements	3.0	3.0	3.0	3.0	12.0	109
W4708	Well Sites	20.0	20.0	20.0	20.0	80.0	109
TBD	WestWorld-115,000 Sq.Ft. Multipurpose Building	-	-	1,015.0	1,015.0	2,030.0	109
TBD	WestWorld-Electronic Signage	5.0	5.5	6.0	6.0	22.5	111
D0207	WestWorld-Restroom Facility	9.0	9.0	9.0	9.0	36.0	112
TBD	WestWorld-Stall Mats	(60.5)	(60.5)	(60.5)	(60.5)	(242.0)	112
W0304	Zone 12/13 Water Transmission Lines	5.0	5.0	5.0	5.0	20.0	113
<b>Total Estimated Operating Impacts</b>		<b>6,466.2</b>	<b>14,842.1</b>	<b>17,484.3</b>	<b>20,128.3</b>	<b>58,920.9</b>	

# AUTHORIZED PERSONNEL POSITIONS - BY DEPARTMENT

Appendix

	Actual 2002/03	Adopted 2003/04	Estimate 2003/04	Proposed 2004/05
General Government				
Full-time	189.00	185.00	190.00	197.00
Part-time	6.50	6.50	6.50	4.95
Total FTE	195.50	191.50	196.50	201.95
Police				
Full-time	585.00	585.00	586.00	589.00
Part-time	3.10	3.10	3.10	3.10
Grant	2.00	2.00	-	-
Total FTE	590.10	590.10	589.10	592.10
Financial Services				
Full-time	142.00	138.00	137.00	139.00
Part-time	2.50	2.50	2.50	4.00
Total FTE	144.50	140.50	139.50	143.00
Transportation				
Full-time	45.00	37.00	34.00	34.00
Part-time	1.35	1.35	1.35	1.35
Total FTE	46.35	38.35	35.35	35.35
Community Services				
Full-time	335.00	322.00	322.00	323.00
Part-time	170.35	173.30	173.30	178.89
Grant	10.75	10.75	10.75	11.75
Total FTE	516.10	506.05	506.05	513.64
Information Systems				
Full-time	73.00	73.00	74.00	76.00
Part-time	0.81	0.81	0.81	0.81
Total FTE	73.81	73.81	74.81	76.81
Fire *				
Part-time	2.68	2.68	2.68	2.68
Total FTE	2.68	2.68	2.68	2.68
Water Resources				
Full-time	139.00	135.00	135.00	138.00
Part-time	-	1.00	1.00	1.00
Total FTE	139.00	136.00	136.00	139.00
Municipal Services				
Full-time	210.00	213.00	212.00	216.00
Part-time	3.00	3.00	3.00	3.00
Total FTE	213.00	216.00	215.00	219.00
Citizen & Neighborhood Resources				
Full-time	35.00	32.00	33.00	34.00
Grant	-	-	-	1.00
Total FTE	35.00	32.00	33.00	35.00
Human Resources				
Full-time	33.00	32.00	32.00	34.00
Part-time	2.50	2.50	2.50	2.50
Total FTE	35.50	34.50	34.50	36.50
Economic Vitality				
Full-time	10.00	8.00	8.00	10.00
Total FTE	10.00	8.00	8.00	10.00
Planning and Development Services				
Full-time	151.00	142.00	141.00	141.00
Total FTE	151.00	142.00	141.00	141.00
Total Full-time Position FTE	1,947.00	1,902.00	1,904.00	1,931.00
Total Part-time Position FTE	192.79	196.74	196.74	202.28
Total Grant Funded Position FTE	12.75	12.75	10.75	12.75
Total Citywide Position FTE	2,152.54	2,111.49	2,111.49	2,146.03

## Note:

Full-Time Equivalent (FTE) - A calculation used to convert part time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing number of hours budgeted by 2,080.

\* 40 Part-time Fire Support Positions (2.68 FTE), included in the Fire Support program.

# AUTHORIZED PERSONNEL POSITIONS - BY FUND

Appendix

	Proposed 2004/05	General Fund	HURF	Special Programs	Enterprise	Internal Service	Total
General Government							
Full-time	197.00	194.00	-	3.00	-	-	198.00
Part-time	4.95	2.87	-	2.08	-	-	4.95
Total FTE	201.95	196.87	-	5.08	-	-	201.95
Police							
Full-time	589.00	588.00	-	1.00	-	-	589.00
Part-time	3.10	3.10	-	-	-	-	3.10
Total FTE	592.10	591.10	-	1.00	-	-	592.10
Financial Services							
Full-time	139.00	108.00	-	-	24.00	7.00	139.00
Part-time	4.00	4.00	-	-	-	-	4.00
Total FTE	143.00	112.00	-	-	24.00	7.00	143.00
Transportation							
Full-time	34.00	-	23.00	-	11.00	-	34.00
Part-time	1.35	-	-	-	1.35	-	1.35
Total FTE	35.35	-	23.00	-	12.35	-	35.35
Community Services							
Full-time	323.00	321.00	-	2.00	-	-	323.00
Part-time	178.89	171.33	-	7.56	-	-	178.89
Grant	11.75	-	-	11.75	-	-	11.75
Total FTE	513.64	492.33	-	21.31	-	-	513.64
Information Systems							
Full-time	76.00	76.00	-	-	-	-	76.00
Part-time	0.81	0.81	-	-	-	-	0.81
Total FTE	76.81	76.81	-	-	-	-	76.81
Fire *							
Part-time	2.68	2.68	-	-	-	-	2.68
Total FTE	2.68	2.68	-	-	-	-	2.68
Water Resources							
Full-time	138.00	-	-	-	138.00	-	138.00
Part-time	1.00	-	-	-	1.00	-	1.00
Total FTE	139.00	-	-	-	139.00	-	139.00
Municipal Services							
Full-time	216.00	42.00	52.00	-	77.00	45.00	216.00
Part-time	3.00	0.75	-	-	2.25	-	3.00
Total FTE	219.00	42.75	52.00	-	79.25	45.00	219.00
Citizen & Neighborhood Resources							
Full-time	34.00	34.00	-	-	-	-	34.00
Grant	1.00	-	-	1.00	-	-	1.0
Total FTE	35.00	34.00	-	-	-	-	35.00
Human Resources							
Full-time	34.00	34.00	-	-	-	-	34.00
Part-time	2.50	2.50	-	-	-	-	2.50
Total FTE	36.50	36.50	-	-	-	-	36.50
Economic Vitality							
Full-time	10.00	10.00	-	-	-	-	10.00
Total FTE	10.00	10.00	-	-	-	-	10.00
Planning and Development Services							
Full-time	141.00	141.00	-	-	-	-	141.00
Total FTE	141.00	141.00	-	-	-	-	141.00
Total Full-time Position FTE	1,931.00	1,548.00	75.00	6.00	250.00	52.00	1,931.00
Total Part-time Position FTE	202.28	188.04	-	9.64	4.60	-	202.28
Total Grant Funded Position FTE	12.75	-	-	12.75	-	-	11.75
Total Citywide Position FTE	2,146.03	1,736.04	75.00	28.39	254.60	52.00	2,146.03

## Note:

Full-Time Equivalent (FTE) - A calculation used to convert part time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing number of hours budgeted by 2,080.

\* 40 Part-time Fire Support Positions (2.68 FTE), included in the Fire Support program.

## CITY STAFF SUPPORT

## Budget Liaisons and CIP Liaisons

**Budget Liaisons** and **CIP Liaisons** coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Budget Analyst on matters related to their specific operating budget. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. The **CIP Liaisons** (identified with an asterisk) essentially serve the same role; however, their focus is on coordination capital projects and multi-year capital planning with the Financial Services Department staff. In many cases the same individual serves both roles.

## General Government

Mayor and City Council ..... Jeff Kulaga  
 Office of the City Clerk ..... Linda Lorbeer  
 City Attorney & Prosecution ..... Sue Mitrishin  
 City Auditor ..... Gail Crawford  
 City Court ..... Lisa Gurtler  
 City Manager's Office ..... Jeff Kulaga  
 Communications & Public Affairs ..... Maggie Wilson  
 Intergovernmental Relations ..... Steve Olson  
 WestWorld ..... Jennifer Bowley\*

Preservation Department .... Susan Quinet/ Bob Cafarella\*

Police Department ..... Holly Christian\*/Carla Murillo

Financial Services Department ..... Joyce Gilbride\*

Transportation Department ..... Janet Secor\*

Community Services Depart. Jeanne Jones/Don Penfield\*

Information Systems Department ..... Jennifer Jensen\*

Fire Department ..... Jim Ford, Rural Metro

Water Resources Department ... Rick Gregoire/Joe Gross\*

Municipal Services Department ..... Terri Huston\*

Citizen and Neigh. Resources Dept. .... Carrie Abts\*

Human Resources Department ..... Joe Kisler\*

Economic Vitality Department ..... Kathy Montalvo\*

Planning & Dev. Services Dept. .... Dan VandenHam\*

## Capital Improvement Plan Coordination Teams

The **Capital Improvement Plan Coordination Teams** are comprised of staff from various City departments. The teams are responsible for reviewing all capital projects (construction and technology) for timing and cost considerations, compiling lifecycle costs, and preparing a preliminary capital improvement plan recommendation for review and revision by the General Managers, City Manager, Deputy/Assistant City Managers, Chief Financial Officer, Budget Director, CIP Coordinator, City Council and various boards and commissions comprised of citizens.

## CIP Construction Review Team

Municipal Services Department  
 Joe Gross and Alex McLaren  
 Transportation Department  
 Dave Meinhardt  
 Financial Services Department  
 Jeff Nichols  
 Planning and Development Services Department  
 Tim Conner  
 Community Services Department  
 Don Penfield  
 Information Systems Department  
 Rich Peterson

## CIP Technology Review Team

Information Systems Department  
 Jennifer Jensen  
 John Krusemark  
 Mark Ledbetter  
 Cindy Sheldon  
 Joe Stowell  
 Eric Wood  
 Community Services Department  
 Jason Song  
 Financial Services Department  
 Jacob Beard  
 Police Department  
 Mike Morrison

# DEBT SERVICE EXPENSE

Appendix

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Final Payment Date
<b>General Obligation Bonds</b>							
<b>Debt Service Fund- General Obligation:</b>							
1993 G. O. Refunding	3,145,370	3,165,370	3,650,370	3,730,495	3,736,690	3,745,250	06/30/09
1989 Series D (issued 1993)	116,200						06/30/13
1993A G. O. Refunding	1,846,818	2,495,640	147,140				06/30/11
1997 Series H & Pima Road	1,330,250	1,296,750					06/30/05
1997 Refunding Bonds	1,139,083	1,140,443	1,956,532	3,989,450	3,968,000	3,974,462	06/30/14
1989 Series I (1998)	1,247,195	1,228,895	1,208,320	1,190,470	1,190,480	177,800	06/30/18
1999A G.O. Bonds	1,306,075	1,294,325	1,279,325	1,261,075	1,260,475	1,257,000	06/30/09
2001 G.O. Refunding Bonds-6% & 20%	3,741,576	3,637,576	2,803,376	788,176	785,463	1,637,664	06/30/22
2002 Various Purpose G.O. Bonds-6% & 20% (28M iss. 5/02)	3,208,700	3,175,275	3,139,275	3,115,025	3,091,775	3,074,275	06/30/14
2002 G.O. Refunding Bonds-6% & 20%	5,454,962	4,336,862	5,651,512	5,649,762	5,660,012	5,816,962	06/30/19
2003 G.O. Refunding Bonds-6% & 20% (16,265,000 iss. 9/03)		602,944	607,044	2,140,919	2,146,294	2,159,431	6/30/13
Future Bond-Series 2004 Var. Purpose-6% & 20% (48M iss. 4/04)	2,981,508	4,463,098	4,460,685	4,461,210	4,464,535	4,464,743	06/30/18
Future Bond-Series 2006 Var. Purpose-6% & 20% (67M iss. 3/06)			4,998,442	4,998,075	5,002,575	4,979,825	06/30/25
Future Bond-Series 2007 Var. Purpose-6% & 20% (35M iss. 3/07)				2,613,650	2,627,200	2,615,450	06/30/26
Future Bond-Series 2008 Var. Purpose-6% & 20% (14M iss. 3/08)					1,056,971	1,061,913	06/30/27
Future Bond-Series 2009 Var. Purpose-6% & 20% (19M iss. 3/09)						1,417,183	06/30/28
Fiscal Agent Fees	20,900	21,800	22,800	11,500	10,000	10,000	
<b>GO Bonds Debt Service Fund-Secondary Property Tax</b>	<b>25,538,637</b>	<b>26,858,978</b>	<b>29,924,821</b>	<b>33,949,807</b>	<b>35,000,470</b>	<b>36,391,958</b>	
<b>Water Utility Fund:</b>							
1993 Refunding	4,818,000	4,848,000	5,473,000				06/30/06
1993A Refunding	67,065	67,065	1,382,065				06/30/06
1993 Refunding CAB Accretion	873,474	438,790					06/30/05
Fiscal Agent Fees	2,000	2,000	2,000				
<b>Total Water Utility Fund</b>	<b>5,760,539</b>	<b>5,355,855</b>	<b>6,857,065</b>				
<b>Preserve Sales Tax Fund</b>							
1999 Preserve G.O. Bonds	2,601,250	2,565,625	2,549,375	2,525,625	2,469,375	2,432,500	06/30/24
2001 Preservation G.O. Bonds	2,392,753	2,383,503	2,364,566	2,343,328	2,324,791	2,328,791	06/30/24
2001 G.O. Refunding Bonds-Preservation Portion	1,464,980	1,464,980	1,464,980	1,464,980	1,464,980	1,464,980	06/30/22
2002 G.O. Bonds-Preservation Portion (40M iss. 5/02, prev. 70M)	1,939,218	1,939,218	1,939,218	1,939,218	1,939,218	1,939,218	06/30/24
2002 G.O. Refunding Bonds-Preservation Portion	360,693	360,693	360,693	360,693	360,693	360,693	06/30/19
Future Bond-Preservation GO Series 2004 (65.4M, iss. 4/04)	778,594	4,399,325	4,464,775	5,506,525	2,635,225	2,635,225	06/30/25
<b>GO Bonds Debt Service Fund-Preserve Sales Tax</b>	<b>9,537,488</b>	<b>13,113,344</b>	<b>13,143,607</b>	<b>14,140,369</b>	<b>11,194,282</b>	<b>11,161,407</b>	
<b>Total General Obligation Bonds</b>	<b>40,836,665</b>	<b>45,328,177</b>	<b>49,925,493</b>	<b>48,090,176</b>	<b>46,194,752</b>	<b>47,553,365</b>	
<b>Revenue Bonds</b>							
<b>Highway User Revenue Fund:</b>							
1993 Refunding	3,106,306	3,119,269	3,141,294	3,154,450			06/30/07
Fiscal Agent Fees	1,000	1,000	1,000	1,000			
<b>Total Highway User Fund</b>	<b>3,107,306</b>	<b>3,120,269</b>	<b>3,142,294</b>	<b>3,155,450</b>			
<b>Water Utility Fund:</b>							
1989 Series B (1992)	222,067	222,742	222,828	225,010	226,495	227,273	06/30/12
1989 Series C (1994)	136,003	137,117					06/30/05
1996 Refunding Bonds	473,594	486,986	620,271	624,092	626,063	626,130	06/30/14
Future Bonds							
Fiscal Agent Fees	3,000	1,000	1,000	1,000	1,000	1,000	
<b>Total Water Utility Fund</b>	<b>834,664</b>	<b>847,844</b>	<b>844,099</b>	<b>850,101</b>	<b>853,557</b>	<b>854,403</b>	
<b>Sewer Utility Fund:</b>							
1989 Series B (1992)	189,168	189,743	189,817	191,675	192,940	193,603	06/30/12
1989 Series C (1994)	115,854	116,803					06/30/05
1996 Refunding Bonds	403,432	414,840	528,379	531,634	533,313	533,370	06/30/14
1989 Series D (1997)	1,424,069	1,409,194	1,417,506	1,412,038	1,406,163	1,399,100	06/30/22
1989 Series E (1998)	3,545,800	3,544,100	3,536,100	3,491,800	3,453,300	3,404,900	06/30/23
Future Bonds							06/30/22
Fiscal Agent Fees	3,500	2,000	2,000	2,000	2,000	2,000	
<b>Total Sewer Utility Fund</b>	<b>5,681,823</b>	<b>5,676,680</b>	<b>5,673,802</b>	<b>5,629,147</b>	<b>5,587,716</b>	<b>5,532,973</b>	
<b>Total Revenue Bonds</b>	<b>9,623,793</b>	<b>9,644,793</b>	<b>9,660,195</b>	<b>9,634,698</b>	<b>6,441,273</b>	<b>6,387,375</b>	

# DEBT SERVICE EXPENSE, CONTINUED

Appendix

	Adopted 2003/04	Forecast 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Final Payment Date
<b><u>Municipal Prop. Corp. (MPC) Bonds</u></b>								
<b>Excise Debt Fund:</b>								
1993 Refunding	4,381,513	4,381,513	4,394,138					06/30/05
1994 Refunding	1,135,620	1,135,620						06/30/04
1995 TPC	301,180	301,180	295,380	299,130	297,930	296,380	298,900	06/30/15
1996 McCormick/Stillman	356,660	356,660						06/30/04
1998 Various Purposes	188,400	188,400	187,200	190,800	184,000	187,200		06/30/08
2002 Refunding (Less \$3.0 anticipated Debt Defeasance)	782,050							
Future Bonds - Loloma Museum (4.1 mil Mar 2005) Gen Fund funded	208,205		304,321	303,063	305,463	302,088	303,713	06/30/25
Future Bonds - Loloma Museum (3.0 mil Mar 2005) Bed tax funded	152,635		223,429	221,688	219,788	222,413	219,913	06/30/25
Future Bonds - Giants Practice Field (6 mil Mar 2005) MSA funded			440,496	440,277	441,002	439,460	440,852	06/30/25
Future Bonds - Giants Practice Field (12 mil Mar 2005) TSA funded			880,993	880,553	882,003	878,920	881,703	06/30/25
Future Bonds - Westworld (18 mil Mar 2005)			1,099,366	1,103,223	1,102,023	1,100,423	1,103,423	06/30/35
Future Bonds - Westworld (30 mil Mar 2007)					2,159,687	2,159,620	2,160,820	06/30/27
Fiscal Agent Fees	60,000	50,000	50,000	50,000	50,000	50,000	50,000	
<b>Total Excise Debt Fund</b>	<b>7,566,263</b>	<b>6,413,373</b>	<b>7,875,323</b>	<b>3,488,734</b>	<b>5,641,896</b>	<b>5,636,504</b>	<b>5,459,324</b>	
<b>Solid Waste Fund:</b>								
1995 Transfer Station	341,493	341,493	339,243	341,493	337,993	339,413	340,400	06/30/10
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
<b>Total Solid Waste Fund</b>	<b>345,493</b>	<b>345,493</b>	<b>343,243</b>	<b>345,493</b>	<b>341,993</b>	<b>343,413</b>	<b>344,400</b>	
<b>Water Fund:</b>								
2001 Scottswater	1,715,700	1,715,700	1,756,700	1,804,550	1,868,900	1,908,400		6/30/08
Future Bonds - MPC/Arsenic (55 mil April 2004)		4,178,174	4,177,223	4,176,765	4,174,793	4,174,977	4,177,287	6/30/24
Future Bonds - MPCV/Arsenic (18 mil May 2006)				722,184	1,444,367	1,444,367	1,444,367	6/30/25
Future Bonds - MPC/Arsenic (13 mil May 2008)						521,577	1,043,154	6/30/27
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
<b>Total Water Fund</b>	<b>1,719,700</b>	<b>5,897,874</b>	<b>5,937,923</b>	<b>6,707,498</b>	<b>7,492,060</b>	<b>8,053,321</b>	<b>6,668,808</b>	
<b>Sewer Fund:</b>								
Future Bonds - MPC/Sewer (20 mil April 2004)		1,519,336	1,518,990	1,518,823	1,518,107	1,518,173	1,519,013	6/30/24
<b>Total Sewer Fund</b>	<b>0</b>	<b>1,519,336</b>	<b>1,518,990</b>	<b>1,518,823</b>	<b>1,518,107</b>	<b>1,518,173</b>	<b>1,519,013</b>	
<b>Total MPC Bonds</b>	<b>9,631,456</b>	<b>14,176,076</b>	<b>15,675,479</b>	<b>12,060,549</b>	<b>14,994,056</b>	<b>15,551,411</b>	<b>13,991,545</b>	
<b><u>Scottsdale Preserve Authority</u></b>								
Series 1997A	654,900	654,900	641,113					06/30/05
Series 1998	5,301,826	5,301,826	5,307,926	5,312,126	5,304,126	5,294,226	5,277,126	06/30/24
Series 2001 Refunding	901,996	901,996	903,746	1,520,246	1,525,921	1,518,296	1,515,296	06/30/22
Fiscal Agent Fees	5,000	5,000	8,000	8,000	8,000	8,000	8,000	
<b>Total Scottsdale Preserve Authority</b>	<b>6,863,722</b>	<b>6,863,722</b>	<b>6,860,785</b>	<b>6,840,372</b>	<b>6,838,047</b>	<b>6,820,522</b>	<b>6,800,422</b>	
<b><u>Contracts Payable</u></b>								
<b>General Fund:</b>								
U.S. Corps of Engineers - IBW	231,166	231,166	231,166	231,166	231,166	231,166	231,166	2032
Dial Corp	31,000	31,000	31,000	31,000	31,000	31,000	113,058	2009
US Patent Office	0	0	2,050				3,080	2009
Nordstrom Garage Lease	2,120,090	1,855,449	2,076,100	2,138,383	2,202,534	2,268,611	2,336,669	2028
Nordstrom Garage Sales Tax	40,282	35,254	39,446	40,629	41,848	43,104	44,397	2028
Anchor National Life	500,000	0	0	500,000	617,270			2007
BOR Administration/Westworld	55,000	55,000	55,000	55,000	55,000	55,000	55,000	2032
BOR Administration/TPC	55,000	55,000	55,000	55,000	55,000	55,000	55,000	2035
Promenade	883,000	1,050,000	1,155,000	748,353	0			2007
Waterfront Retail Sales Tax Rebate	0	0		143,310	288,194	285,476	293,626	2015
Waterfront Construction Sales Tax Rebate		90,450	241,200	301,500	150,750			2015
Hotel Valley Ho	0	25,000	210,000	150,000	160,000	170,000	180,000	2024
Stacked 40's/Lund - Retail Sales Tax Rebate	0	0	375,000	787,500	827,000	868,000	912,000	2014
Stacked 40's/Lund - Construction Sales Tax Rebate	0	0	72,000	0	0	0	0	2014
<b>Total General Fund Contracts Payable</b>	<b>3,915,538</b>	<b>3,428,319</b>	<b>4,542,962</b>	<b>5,181,841</b>	<b>4,659,763</b>	<b>4,007,356</b>	<b>4,223,996</b>	
<b>Special Revenue Fund:</b>								
McDowell Sonoran Preserve	956,583	956,583	955,115	951,765	952,290	955,780	952,480	2013
<b>Total Special Revenue Fund</b>	<b>956,583</b>	<b>956,583</b>	<b>955,115</b>	<b>951,765</b>	<b>952,290</b>	<b>955,780</b>	<b>952,480</b>	
<b>Total Contracts Payable</b>	<b>4,872,121</b>	<b>4,384,902</b>	<b>5,498,077</b>	<b>6,133,606</b>	<b>5,612,053</b>	<b>4,963,136</b>	<b>5,176,476</b>	
<b><u>Special Assessment Bonds</u></b>								
Existing Districts (excluding ID 104)	2,867,070	2,862,070	2,763,528	1,101,884	1,064,203	1,026,522	988,841	01/01/13
Series 104	36,068	39,144	23,855	22,453	21,051	19,649	18,247	2012
Fiscal Agent Fees		5,000	5,000	2,500	1,000	1,000	1,000	
<b>Special Assessment Bonds</b>	<b>2,903,138</b>	<b>2,906,214</b>	<b>2,792,383</b>	<b>1,126,837</b>	<b>1,086,254</b>	<b>1,047,171</b>	<b>1,008,088</b>	
<b>TOTAL DEBT SERVICE</b>	<b>74,730,895</b>	<b>75,658,997</b>	<b>85,799,694</b>	<b>85,747,052</b>	<b>86,255,284</b>	<b>81,018,265</b>	<b>80,917,271</b>	

## LONG-TERM DEBT OUTSTANDING

Appendix

### Long-Term Debt Outstanding

As of 6/30/04 through 6/30/08

	Balance at 6/30/04	Balance at 6/30/05	Balance at 6/30/06	Balance at 6/30/07	Balance at 6/30/08	Final Payment Date
<b>General Obligation Bonds</b>						
1993 G.O. Refunding	19,110,000	18,245,000	10,095,000	6,910,000	3,550,000	06/30/09
1993A G.O. Refunding	3,825,000	1,455,000	-	-	-	06/30/06
1997 Series H	1,235,000	-	-	-	-	06/30/05
1997 Refunding	19,770,000	19,685,000	18,780,000	15,800,000	12,685,000	06/30/14
1989 Series I (1998)	8,090,000	7,235,000	6,345,000	5,415,000	4,445,000	06/30/18
1999 A	5,500,000	4,500,000	3,450,000	2,350,000	1,200,000	06/30/09
1999	16,925,000	15,375,000	13,725,000	11,975,000	10,150,000	06/30/24
2001	28,225,000	27,200,000	26,135,000	25,030,000	23,880,000	06/30/24
2001 Refunding	46,845,000	44,115,000	42,110,000	42,040,000	41,970,000	06/30/22
2002	64,295,000	62,275,000	60,190,000	58,025,000	55,775,000	06/30/24
2002 Refunding	65,015,000	63,170,000	59,955,000	56,630,000	53,195,000	06/30/19
2003 Refunding	15,020,000	14,975,000	14,925,000	13,340,000	11,710,000	06/30/13
Future Bonds	113,400,000	108,965,000	170,670,000	197,000,000	203,805,000	06/30/28
<b>Total G.O. Bonds</b>	<b>407,255,000</b>	<b>387,195,000</b>	<b>426,380,000</b>	<b>434,515,000</b>	<b>422,365,000</b>	
<b>Revenue Bonds</b>						
1993 HURF Refunding	8,475,000	5,815,000	2,990,000	-	-	06/30/07
1989 Util Series B (1992)	2,660,000	2,395,000	2,115,000	1,815,000	1,495,000	06/30/12
1989 Util Series C (1994)	240,000	-	-	-	-	06/30/05
1996 Refunding	6,175,000	5,600,000	4,750,000	3,850,000	2,900,000	06/30/14
1989 Util Series D (1997)	16,550,000	15,975,000	15,350,000	14,700,000	14,025,000	06/30/22
1989 Util Series E (1998)	42,745,000	41,345,000	39,855,000	38,305,000	36,685,000	06/30/23
<b>Total Revenue Bonds</b>	<b>76,845,000</b>	<b>71,130,000</b>	<b>65,060,000</b>	<b>58,670,000</b>	<b>55,105,000</b>	
<b>MPC Bonds</b>						
1993 Refunding	4,170,000	-	-	-	-	06/30/05
1995 Taxable Excise - TPC	2,150,000	2,025,000	1,885,000	1,735,000	1,575,000	06/30/15
1998 Various Purpose	680,000	520,000	350,000	180,000	-	06/30/08
1995 Transfer Station	1,740,000	1,485,000	1,215,000	935,000	640,000	06/30/10
2001 Scottswater	6,625,000	5,135,000	3,545,000	1,835,000	-	06/30/08
Future Bonds	73,100,830	112,102,092	127,017,835	151,718,745	160,038,777	06/30/35
<b>Total MPC Bonds</b>	<b>88,465,830</b>	<b>121,267,092</b>	<b>134,012,835</b>	<b>156,403,745</b>	<b>162,253,777</b>	
<b>Scottsdale Preserve Authority Bonds</b>						
1997 Excise Tax	595,000	-	-	-	-	06/30/05
1998 Excise Tax	67,925,000	65,995,000	63,945,000	61,780,000	59,495,000	06/30/24
2001 Refunding	17,305,000	17,235,000	16,545,000	15,820,000	15,070,000	06/30/22
<b>Total Scottsdale Preserve Authority Bonds</b>	<b>85,825,000</b>	<b>83,230,000</b>	<b>80,490,000</b>	<b>77,600,000</b>	<b>74,565,000</b>	

## LONG-TERM DEBT OUTSTANDING

*Appendix*

	Balance at 6/30/04	Balance at 6/30/05	Balance at 6/30/06	Balance at 6/30/07	Balance at 6/30/08	Final Payment Date
<b>Contracts</b>						
U.S. Corps of Engineers	3,240,991	3,175,633	3,106,932	3,034,716	2,958,806	2032
Dial Corporation	230,313	199,313	168,313	137,313	-	2008
U.S. Patent Office	5,130	3,080	3,080	3,080	3,080	01/29/09
Bureau of Reclamation/Westworld	1,595,000	1,540,000	1,485,000	1,430,000	1,375,000	07/29/32
Bureau of Reclamation/TPC	1,705,000	1,650,000	1,595,000	1,540,000	1,485,000	06/10/35
McDowell Sonoran Preserve	6,825,000	6,195,000	5,540,000	4,855,000	4,135,000	06/30/13
Underground Improvement District 104	112,362	98,341	84,321	70,300	56,279	06/30/13
<b>Total Contracts Payable</b>	<b>13,713,796</b>	<b>12,861,367</b>	<b>11,982,646</b>	<b>11,070,409</b>	<b>10,013,165</b>	
<b>Special Assessment Bonds</b>						
Existing Districts	8,754,734	6,340,000	5,505,000	4,670,000	3,835,000	01/01/13
Future Districts	-	-	-	-	-	
<b>Total Special Assessment Bonds</b>	<b>8,754,734</b>	<b>6,340,000</b>	<b>5,505,000</b>	<b>4,670,000</b>	<b>3,835,000</b>	
Total All Existing Bonds and Contracts	494,358,530	460,956,367	425,742,646	394,210,409	364,293,165	
Total All Future Bonds and Contracts	186,500,830	221,067,092	297,687,835	348,718,745	363,843,777	
<b>TOTAL LONG-TERM DEBT OUTSTANDING</b>	<b>680,859,360</b>	<b>682,023,459</b>	<b>723,430,481</b>	<b>742,929,154</b>	<b>728,136,942</b>	

## GLOSSARY OF TERMS

**Actual** – Actual, as used in the fund summaries and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a GAAP basis, with the exception that depreciation and amortization are not budgeted and principal payments on debt in the enterprise funds are budgeted as expenses.

**Adopted** – Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the budget as approved by the City Council.

**Appropriation** – An authorization made by the City Council, which permits the City to incur obligations and to expend resources.

**Assessed Valuation** – A government sets a valuation upon real estate or other property as a basis for levying taxes. An assessed valuation represents the appraised valuation less any exemptions.

**Base Budget** – Cost of continuing the existing levels of service in the current budget year.

**Beginning Balance** – The beginning balance is the residual non-restricted funds brought forward from the previous fiscal year (ending balance).

**Bonds** – Bonds are debt instruments, which require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

**Bond Funds** – Established to account for bond proceeds to be used only for approved bond projects.

**Budget** – A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether the appropriating body has approved it.

**Budget Calendar** – The schedule of key dates, which a government follows in the preparation and adoption of the budget.

**Budgetary Basis** – Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that (1) encumbrances are considered to be an expenditure chargeable to appropriations; (2) no depreciation is budgeted for proprietary funds; and (3) bond principal in the enterprise funds is subject to appropriation.

**Capital Outlay** – Includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than one year; (2) typically have a unit cost of \$5,000 or more; and (3) be a betterment or improvement. Replacement of a capital item is classified as a capital outlay under the same code as the original purchase. Replacement or repair parts are classified under commodities.

**Capital Improvement Funds** – Established to account for financial resources to be used for the acquisition or construction of major capital facilities. The City maintains several Capital Project funds to ensure legal compliance and financial management for various restricted revenues.

**Capital Improvement Plan (CIP)** – A capital improvement plan is a comprehensive plan that projects the capital needs of the community. Generally, it is a cyclical process that projects the needs for a set number of years. Capital improvement plans are essential to sound infrastructure and financial planning. The annual capital budget is derived from the long-term CIP.

**Capital Project** – Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as streets, bridges, drainage, street lighting, and water systems.

**Commodities** – Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

**Community Facilities Districts (CFD)** – CFDs are special purpose public improvement districts. By utilizing a variety of public funding options such as bonds, special assessments, taxes and user fees, CFDs provide a mechanism to finance public infrastructure, the operation and maintenance of public infrastructure, and enhanced municipal services in qualifying areas.

**Consumer Price Index (CPI)** – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

**Contingency** – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Contracts Payable** – Contracts payable represents a liability reflecting amounts due on contracts of goods or services furnished to the City.

**Contractual Services** – Includes expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services accounts.

**Cost Center** – An organizational budget/operating unit within each City division or department.

**Court Enhancement Fund** – A fund to accumulate fees imposed by the City Court on fines, sanctions, penalties and assessments for the purpose of enhancing the technological, operational and security capabilities of the City Court.

**Debt Service** – Paid from the General Fund, is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site.

**Debt Service Funds** – Established to account for the accumulation of resources and for the payment of general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

**Department** – The combination of divisions of the City headed by a general manager with a specific and unique set of goals and objectives (i.e., Police, Fire, Financial Services, Water Resources, etc.).

**Division** – A functional unit within a department consisting of one or more cost centers engaged in activities supporting the unit's mission and objectives.

**Encumbrance** – Includes obligations in the form of purchase orders, contracts, or other commitments. They cease to be encumbrances when paid, canceled, or when the actual liability is established.

**Encumbrance Rebudgets** – The balance of unliquidated purchase commitments brought forward from the previous fiscal year.

**Ending Balance** – The residual non-restricted funds that are spendable or available for appropriation at the end of the fiscal year.

**Enterprise Capital Funds** – are used to account for utility rates and development fees for specific projects.

**Enterprise Funds** – Established to account for operations, including debt service that are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, Solid Waste, and Aviation activities.

**Equipment Rental** – Represents fees charged to other areas of the City for the maintenance, repair, and replacement of City vehicles. The fee for these charges is returned to the fleet management internal service fund as revenue.

**Estimate** – Represents the original adopted budget plus any prior year open purchase orders, contingency transfers, approved changes, and anticipated year-end savings.

**Excise Debt** – Represents debt that is repaid by excise taxes. In this case, the excise taxes used to fund the debt service payments are a portion of the transaction privilege (sales) tax and transient occupancy tax.

**Expenditures** – Represents decreases in net financial resources. They include current operating expenses, which require the current or future use of net current assets, debt services, and capital outlays.

**Fees** – Charges for specific services.

**Financial Policy** – A government's directive with respect to revenues, spending, reserves, and debt management as these relate to government services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of government budgets and its funding.

**Fiscal Year** – A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Scottsdale's fiscal year is July 1 through June 30.

**Five-Year Financial Plan** – An estimation of revenues and expenses required by the City to operate for the next five-year period.

**Forecast** – A prediction of a future outcome based on known and unknown factors.

**Franchise Fee** – Charged to the water and sewer utility fund, is a reimbursement to the general fund for the utility's use of City streets and right-of-ways.

**Fringe Benefits** – Contributions made by a government to meet commitments or obligations for employee-related expenses. Included is the government's share of costs for social security and the various pension, medical, and life insurance plans.

**Full-Time Equivalent (FTE)** – A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance** – The balance of net financial resources that are spendable or available for appropriation.

**Fund Summary** – A combined statement of revenues, expenditures, and changes in fund balance for the prior year's actual, adopted, estimated budgets, and the current year's adopted budgets.

**GAAP Adjustments** – Differences arising from the use of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable when reporting on operations in conformity with Generally Accepted Accounting Principles (GAAP). For example, depreciation and amortization in Enterprise Funds are not considered expenses on the budget basis of accounting, but are considered expenses on the GAAP basis.

**General Fund** – Primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

**General Long-term Debt** – Represents any unmatured debt not considered to be a fund liability.

**General Obligation Bonds (G.O. Bonds)** – Bonds secured by the full faith and credit of the issuer. G.O. bonds issued by local units of government are secured by a pledge of the issuer's property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and roads.

**Generally Accepted Accounting Principles (GAAP)** – The uniform minimum standards and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad

guidelines of general application and detailed practices and procedures. GAAP provides standards by which to measure financial presentations.

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

**Grant** – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (i.e., education or drug enforcement), but it is sometimes for general purposes.

**Grant Capital Funds** – are used to account for the proceeds of capital grants.

**Golf Course Surcharge** – A \$1 per nine hole surcharge established in 1994 for all City owned golf courses. Revenue collected from this source is used for capital improvements, debt service on capital improvements, silt management, catastrophic flood funding, and support of the FBR Open golf tournament.

**Highway User Fuel Tax** – Gasoline tax shared with municipalities; a portion is distributed based upon the population of the City and a portion is distributed based upon the origin of the sales of the fuel. The Arizona State Constitution requires that this revenue be used solely for street and highway purposes.

**Improvement Districts** – Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on affected property. Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Indirect Cost Allocation** – Funding transferred to the general fund from enterprise funds for specific central administrative functions, which benefit those funds (i.e., City Manager, Financial Services Department, Human Resources, Legal, etc.).

**In-Lieu Property Tax** – Charges to the enterprise funds, which compensates the general fund for the property tax that would have been paid if the utilities were for-profit companies.

**Intergovernmental Revenues** – Levied by one government but shared on a predetermined basis with another government or class of governments.

**Internal Service Fund** – Established to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

**Mission** – Defines the primary purpose of the City and is intended to guide all organizational decisions, policies, and activities (internal and external) on a daily basis.

**Municipal Property Corporation (MPC)** – A non-profit corporation established to issue bonds to fund City capital improvements projects.

**Needs Assessment** – The foundation for determining what City customers feel is needed. Market surveys, public hearings, and boards and commission surveys are conducted.

**Objective** – Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

**Operating Budget** – The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is required by law in Arizona and is a requirement of Scottsdale's City Charter.

**Operating Revenue** – Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

**Ordinance** – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or a constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

**Other Fiscal Activity** – Refers to various trust and agency funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, and other funds.

**Outstanding Debt** – The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

**Pay-As-You-Go Capital Improvement Projects (PAYG)** – Capital projects whose funding source is derived from City revenue sources other than through the sale of voter-approved bonds.

**PC Replacement Program** – Established to centralize the responsibility for personal computer service and the maintenance of computer and printer inventories. Departments are assessed an annual fee based upon their inventory of PCs and printers in use. The charge is accumulated in the PC Replacement Fund and used to replace printers and desktop/laptop computers on a standard replacement schedule.

**Performance Measure** – Data collected to determine how effective or efficient a program is in achieving its objectives.

**Personal Services** – Include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

**Preserve Bonds** – Represent excise tax revenue bonds and G.O bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable solely from and secured by a 0.2% sales tax approved by City voters. The bonds are issued for the purpose of acquiring land for the McDowell Sonoran Preserve.

**Program** – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible. A program differs from a division from the standpoint that cost centers from different departments may make up a program while cost centers from the same department make up a division.

**Program Budget** – A budget, which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

**Property Tax** – Based according to value of property and is used as the source of monies to pay general obligation debt (secondary property tax) and to support the general fund (primary property tax).

**Primary Property Tax** – Levied for the purpose of funding general government operations. Annual increases are limited to 2.0% of the previous year's maximum allowable primary property tax levy plus allowances for new construction and annexation of new property and tort litigation settlements.

**Rebudget** – Carryover represents encumbered and committed funds carried forward to the next fiscal year budget.

**Refunding** – A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds. There are generally two major reasons for refunding: (1) to reduce the issuer's interest costs or (2) to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited into escrow to pay the debt service on the outstanding obligations when due, or they are used to immediately retire the outstanding obligations. The new obligations are referred to as the refunding bonds and the outstanding obligations being refinanced are referred to as the refunded bonds or the prior issue.

**Reserve** – An account which records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

**Revenue Bonds** – Bonds payable from a specific source of revenue, which do not pledge the full faith, and credit of the issuer. Revenue bonds are payable from identified sources of revenue and do not affect the property tax rate. Pledged revenues may be derived from operation of the financed project, grants, excise, or other specified non-property tax.

**Racketeered Influenced and Corrupt Organizations (RICO) Funds** – Funds obtained from an anti-racketeering revolving fund maintained by either the Federal or State government as a result of asset forfeitures from criminal enterprises and are allocated to municipalities for approved non-recurring public safety expenditures.

**Secondary Property Tax** – Levied for the purpose of funding the principal, interest, and redemption charges on general obligation bonds of the City. The amount of this tax is determined by the annual debt service requirements on the City's general obligation bonds.

**Self Insurance** – The retention by an entity of a risk of loss arising out of the ownership of property or from some other cause instead of transferring that risk through the purchase of an insurance policy.

**Service Levels** – Describe the present services provided by a City department and/or division within the department.

**Sinking Fund** – An account into which a debt issuer makes periodic deposits to ensure the timely availability of sufficient monies for the payment of debt service requirements. The revenues to be deposited into the sinking fund and payments therefrom are determined by the terms of the bond contract.

**Special Assessment** – A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Special Revenue Funds** – Established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Highway User Revenue, Preservation Privilege Tax, Transportation Privilege Tax, Special Programs, and Grants.

**Street Light Improvement Districts** – Formed to provide a means for properties within a district to maintain street lights within their boundaries. A street light tax is levied against the property owner to cover the cost of electrical billings received and paid by the City.

**Taxes** – Compulsory charges levied by a government for the purpose of financing services performed for common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, such as water service.

**Tax Rate** – The amount of tax levied for each \$100 of assessed valuation.

**Transfers** – The authorized exchanges of cash or other resources between funds, divisions, departments and/or capital projects.

**Transportation Privilege Tax Capital Fund** – Established to account solely for transportation projects.

**Trend Analysis** – Examines changes over time, which provides useful management information such as the City's current financial situation and its future financial capacity to sustain service levels.

**Trust Funds** – Established to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

**Unreserved Fund Balance** – The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

**Unrestricted General Capital Fund** – Established to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

**User Fee** – The fee charged for services to the party or parties who directly benefits.